

**MAG 208 WATER QUALITY MANAGEMENT PLAN
APPLICATION FOR SMALL PLANT APPROVAL**

FOR

DESERT OASIS

WASTEWATER MANAGEMENT SYSTEM



Prepared by:

GTA ENGINEERING, INC.

Consulting Engineers

1990 W. Camelback Road, Suite 401

Phoenix, Arizona 85015

TEL (602) 246-7759

FAX (602) 246-7645

Email: gta@gtaengineering.com

Revised January 2003

MAG 208 WATER QUALITY MANAGEMENT PLAN
APPLICATION FOR SMALL PLANT APPROVAL
FOR
DESERT OASIS
WASTEWATER MANAGEMENT SYSTEM

Introduction and Description of the Project	1
Authority	3
Guidelines for Small Plants	3
Conclusion	7

LIST OF EXHIBITS

Exhibit 1	Vicinity Map
Exhibit 2	Project Location Map
Exhibit 3	Preliminary Master Sewer Plan
Exhibit 4	WWTP Schematic/Preliminary Design
Exhibit 5	Water Balance and Disposal Area Map
Exhibit 6	City of Surprise Planning Area
Exhibit 7	CML, Inc. Financial Statement
Exhibit 8	Letter of Interest from Arizona-American Water Company
Exhibit 9	Pre-Annexation Development Agreement



INTRODUCTION AND DESCRIPTION OF THE PROJECT

Desert Oasis is located within the City limits of the City of Surprise in Maricopa County, Arizona. The project is located in Section 1, Township 4 North, Range 2 West and Section 35, Township 5 North, Range 2 West, Maricopa County, Arizona. The project area is located approximately one and one-half miles north of Grand Avenue, between Dynamite Road and Happy Valley Road, and between 163rd and 179th Avenue alignments, with a total of 890 acres. Exhibit 1, Figure 1 shows the vicinity map for the Desert Oasis Project site.

The site and surrounding area is mostly undeveloped native desert land with creosote and mesquite bush. Section 35 consists of fallow field and a vacated corral area. Section 1 consists of creosote desert with several washes flowing southeasterly, and a two-lane asphalt surface road along the 163rd Avenue alignment named Sarival Road.

The first phase of Desert Oasis development will entail a total of 1,000 single family dwelling homes. Construction will begin in the Section 1 parcel, with about 526 units. Section 35 will follow with the remaining 474 units. Additional units will be developed when the City of Surprise provides sewer service in this area, which is expected in approximately 5 years. The wastewater treatment plant will have a capacity of 350,000 gpd. The site will be located at the southern corner of the Section 1 parcel to optimize gravity flows to the plant. Exhibit 2 details the project location and the Phase I development.

The City has five (5) designated planning areas. The Desert Oasis project is in Special Planning Area 2 (SPA2). The City is planning to construct a wastewater treatment plant located North of Beardsley Canal to serve SPA2. The new plant would serve the Desert Oasis project. The sewer connection to the plant is projected to be available within 5 years. The Special Planning Areas Map can be found in Exhibit 6.

The proposed Desert Oasis plant is temporary and will be decommissioned when the City of Surprise extends its sewer collection system. Effluent generated will be disposed of in designated disposal sites. There will be no discharge from the site.

A plan of the sewer lines is shown on Exhibit 3. A headworks will accept the gravity flows. The preliminary treatment will consist of screening and flow measurement. An influent sewage lift station will lift the collected sewerage flows into the wastewater treatment plant.

The treatment plant facilities will be sized to treat daily flows to a "Class A+" effluent quality for disposal in the northeastern portion of the Section 1 property. The treatment facility will be a 350,000 gpd extended aeration activated sludge wastewater treatment plant, providing nitrification and denitrification with filtration and disinfection, (See exhibit 4 for process schematic). A storage reservoir and pump station will be needed for winter flows and five day emergency storage. Disposal areas will be placed into service as flows increase with sufficient area reserved to service the entire project. (Please see water balance and disposal area in Exhibit 5.) Sludge will be aerobically stabilized and disposed of by pumper truck to the Surprise plant or other approved liquid sludge disposal sites. Since this effluent will be tertiary treated and disinfected and be for disposal only, there will be no pollution of either the waters of the U.S. or the groundwater aquifers. The Desert Oasis project will require permits for the wastewater collection and treatment,

Table 1, shows the projected flows and population projections for the project. This information will be used by the developer and its consultants to size the gravity sewer mains, sewer lift station, and to phase the wastewater treatment and disposal facilities.

Table 1 Desert Oasis Projected Sewer Basin Flows					
Phase	Year Complete	WWTP	Dwelling Units Phase/cumulative	Population Phase/Cumulative	Average Daily Flow (GPD) Phase/Cumulative
Section 1	2003	.350 mgd	476/ 476	1428 ² / 1428	166,600 ¹ / 166,600
Section 35	2003	0	524/ 1000	1572/ 3000	183,400/ 350,000
<i>Total Average Daily Flow On Build-Out</i>					350,000

¹ Average Daily Flow = Number of Dwelling Units x 350 gpd

² Population = 3 persons per household

The projected sewage flows were derived by using Maricopa County Environmental Services Department requirements of 350 gpd/unit for sewage management planning for 1,000 dwelling units which yields 350,000 gpd.

AUTHORITY

The Maricopa Association of Governments (MAG) is the designated planning agency with the authority required by Section 208(a)(2)(B) of the Clean Water Act to implement the 208 plan for the Maricopa County area. This Small Plant Review and Approval must be initiated by the City of Surprise to MAG, because the City of Surprise is designated as the local government and MAG member agency for the Desert Oasis project. This proposal is for a facility that is less than 2.0 million gallons per day (mgd) and will not discharge to a surface water of the United States; therefore, the proposed facility will be reviewed through the small plant review and approval process, which are outlined in Section 4.6.2 of the MAG 208 Water Quality Management Plan, dated 1993. Please review the Pre-Annexation Development Agreement which entered into by and between the City of Surprise and the owners and developer on 11/02/2000, is included as Exhibit 9.

GUIDELINES FOR SMALL PLANTS (per Table 4-42-1993 MAG 208 Plan)

A. Why is the wastewater treatment plant required?

This will be a temporary plant. The Project is within the City of Surprise Planning Area. The City of Surprise does not offer any sewer service for this area at this time. It is anticipated that the City of Surprise will be able to serve this area in approximately 5 years. Centralized wastewater treatment will be provided, reducing the potential for groundwater contamination from septic tanks with leach fields. The treatment plant will be closed in accordance with the closure plan when the subdivision is connected to the City

B. Master Plan compatibility

B.1 Is plant compatible with future plans for the area?

The projected sewage flows were derived by using Maricopa County Environmental Services Department requirements of 350 gpd/unit for sewage management planning for 1000 residential homes which yields 350,000 gpd for Phase I. When sewage service becomes available from the City of Surprise, the treatment plant will be closed following ADEQ guidelines and the project will be served by a new wastewater treatment plant that will be constructed north of the Beardsley Canal.

B.2 Will plant impact existing or proposed plants or reuse plans in the region?

No, the planning area is within the City of Surprise, see exhibit. This is a temporary wastewater treatment plant.

C. Benefits provided by the facility

The temporary wastewater treatment plant for Desert Oasis will provide several benefits to the area:

- Centralized wastewater treatment will be provided, reducing the potential for groundwater contamination from septic tanks with leach fields.
- The Desert Oasis Development will be an asset to the City of Surprise and surrounding communities. The development will provide affordable housing in an open master planned community. The wastewater management system will provide an environmentally sound plant that will help preserve precious water resources.
- The existence of the temporary wastewater treatment plant owned and operated by the City of Surprise will allow the area to accommodate growth in an environmentally safe manner until the City's facilities are extended to the site.

D. Potential problems

D.1 High capital and operation costs

The developer will build the plant which will be owned and operated by the City of Surprise. The reservoir, effluent pump station and disposal systems will be constructed by the developer. The developer will subsidize the operations and maintenance costs until the plant becomes self sustaining. The City will own and operate the reservoir and pump station. The HOA will own and maintain the effluent distribution pipeline and disposal systems.

D.2 Impacts on groundwater or surface water

The treated effluent from the wastewater treatment plant will be denitrified. A reuse permit will not be needed. There will be no impacts on surface water.

D.3 Inability to meet State regulations

The following is a summary of the permitting requirements and processes that are required for the wastewater treatment plant facility. An Application will be submitted to ADEQ for the APP permit for the Desert Oasis project.

D.3.1 Aquifer Protection Permit (APP)

The State Aquifer Protection Permit (APP) Program was established by the Environmental Quality Act (EQA) and is primarily designed to regulate facilities that may discharge to an aquifer. An individual APP permit is required for all wastewater treatment plants, treating more than 20,000 gpd which must be constructed and operated so as to meet the greatest degree of discharge reduction achievable. This is accomplished by Best Available Demonstration Control Technology (BADCT). Achievement of BADCT for a wastewater treatment plant facility is outlined in the BADCT guidance document as provided by the Arizona Department of Environmental Quality. Tertiary treatment with denitrification and chlorination will meet current BADCT standards as established by guidance documents used by ADEQ. Effluent will be disposed through land application. The APP application is scheduled to be submitted approximately in February of 2003 and is expected to be finalized in August of 2003.

D.3.2 Wastewater System Technical Review

The technical review process consists of submitting a design report and detailed construction plans for the plant site, treatment plant design, required plant details and associated facilities. The plans are to be in conformance with Engineering Bulletin No. 11 as issued by the Arizona Department of Environmental Quality and ADEQ Rules. ADEQ will issue an APP permit to allow construction of the facility following approval of the plans by Maricopa County. Submittal of plans for technical review will occur in the month of February 2003 with Approval to Construct anticipated around August 2003.

D.3.4 Local Floodplain and Drainage Regulations

The Desert Oasis project, when built-out, is designed to discharge storm water runoff at a rate equal to or less than the current runoff rate as undeveloped property. Retention basins are planned to control all runoff within the project area. The retention basins will be landscaped in such a way as to provide adequate retention of the storm water runoff in accordance with the Maricopa County Drainage Ordinances.

D.3.5 Construction Permits (404/401 permits)

There are no expected non-point issues related to this project. If an issue does occur, it will be required that the contractor obtain the necessary permits.

D.4 Financial Failure of operation/Poor Operation and Maintenance

The City will own and be responsible for operation of the plant. CML, Inc. will subsidize the operation of the plant to avoid fiscal impacts to the City.

E. Financial

E.1 Who will fund construction

Plant construction will be financed through the entity of CML, Inc. Financial statements are provided to demonstrate the stability and finances available for the Desert Oasis project, exhibit 7. There are no financial constraints in the development of the proposed project.

E.2 Who will fund O&M costs

CML, Inc. and the City will enter into a three party contract with:

Arizona-American Water Company
15626 North Del Webb Blvd.
Sun City, Arizona 85351
623-974-2521

to operate and maintain the plant. Fees will be paid by the residents of Desert Oasis to the City of Surprise.

E.3 Financial Security

Exhibit 7 demonstrates the financial capability of the Development Company

F. Operation

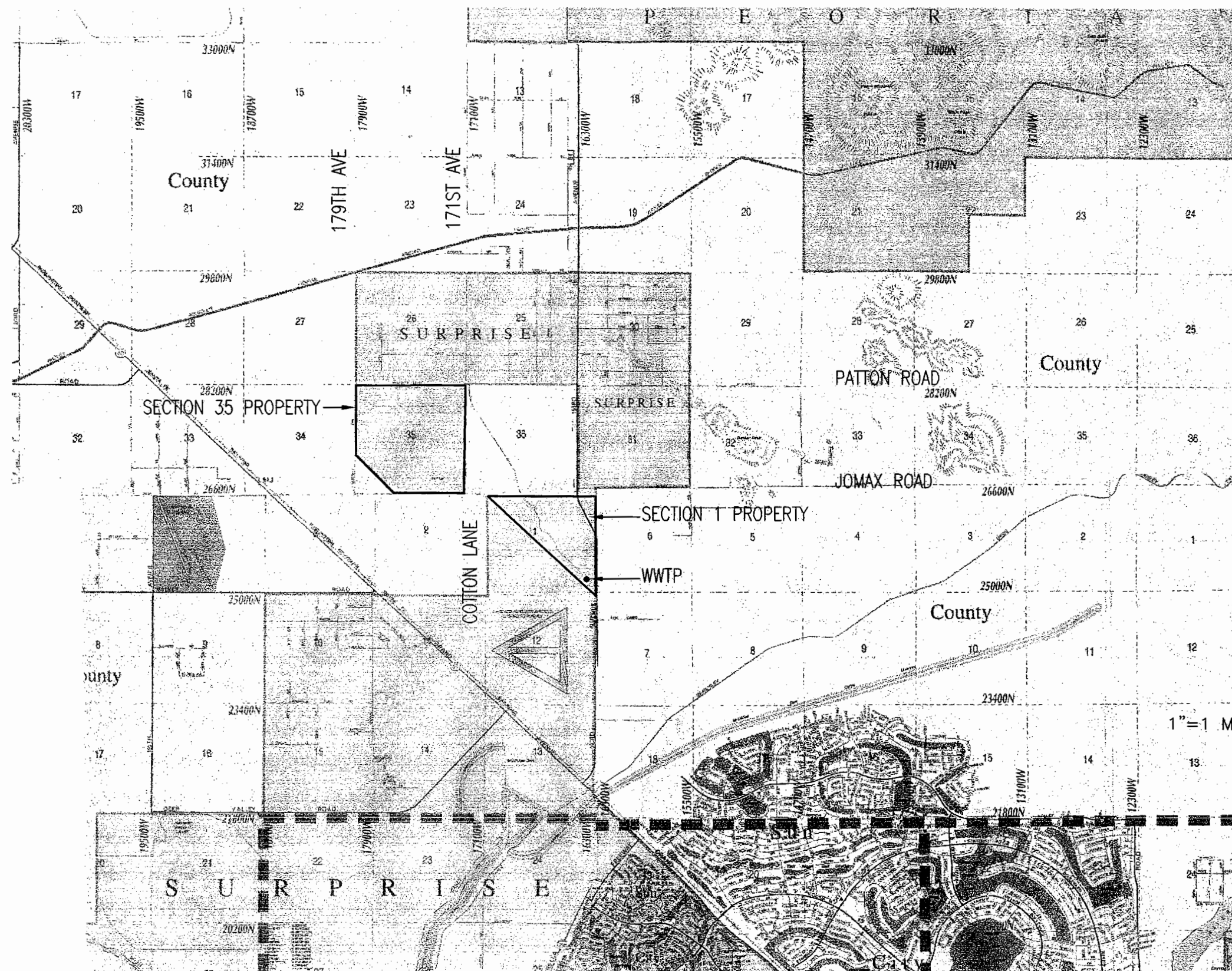
F.1 Who will operate plant

The City of Surprise will be responsible for operation of the plant and will subcontract the operations and management of the wastewater treatment facility to a management company experienced in the operations and maintenance of the wastewater treatment plant. See exhibit 8 for letter from Arizona American expressing its interest in the operation and maintenance of the wastewater treatment plant.

CONCLUSION

Desert Oasis will be served by a temporary WWTP. The plant will generate Class A+ effluent suitable for land disposal. The plant will be built by CML, Inc. The City of Surprise will own and operate the plant. CML, Inc. and the City will enter into a three party contract with Arizona-American Water Company to operate and maintain the plant. Fees will be paid by the residents of Desert Oasis to the City of Surprise. Effluent will be disposed of land application. A reservoir will be built to store excess effluent (during winter months) and hold five day emergency storage.

Exhibit 1



GTA ENGINEERING, INC.
CONSULTING ENGINEERS
1990 W CAMELBACK RD. STE. 401
PHOENIX, AZ (602)246-7759

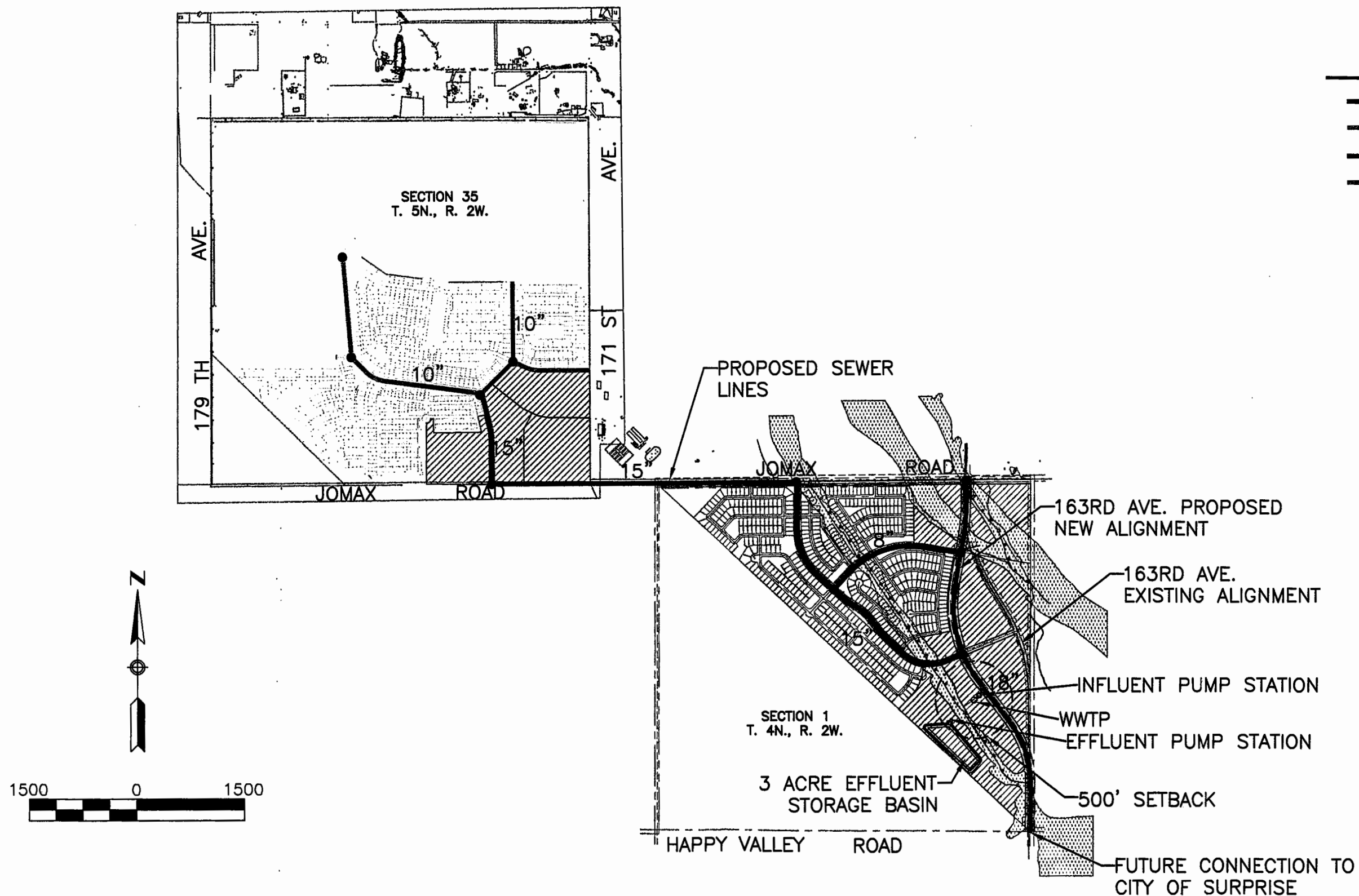
DESERT OASIS VICINITY MAP

AUGUST 2002

FIGURE
1

Exhibit 2

Exhibit 3



GTA ENGINEERING, INC.
CONSULTING ENGINEERS
1990 W CAMELBACK RD. STE. 401
PHOENIX, AZ (602)246-7759

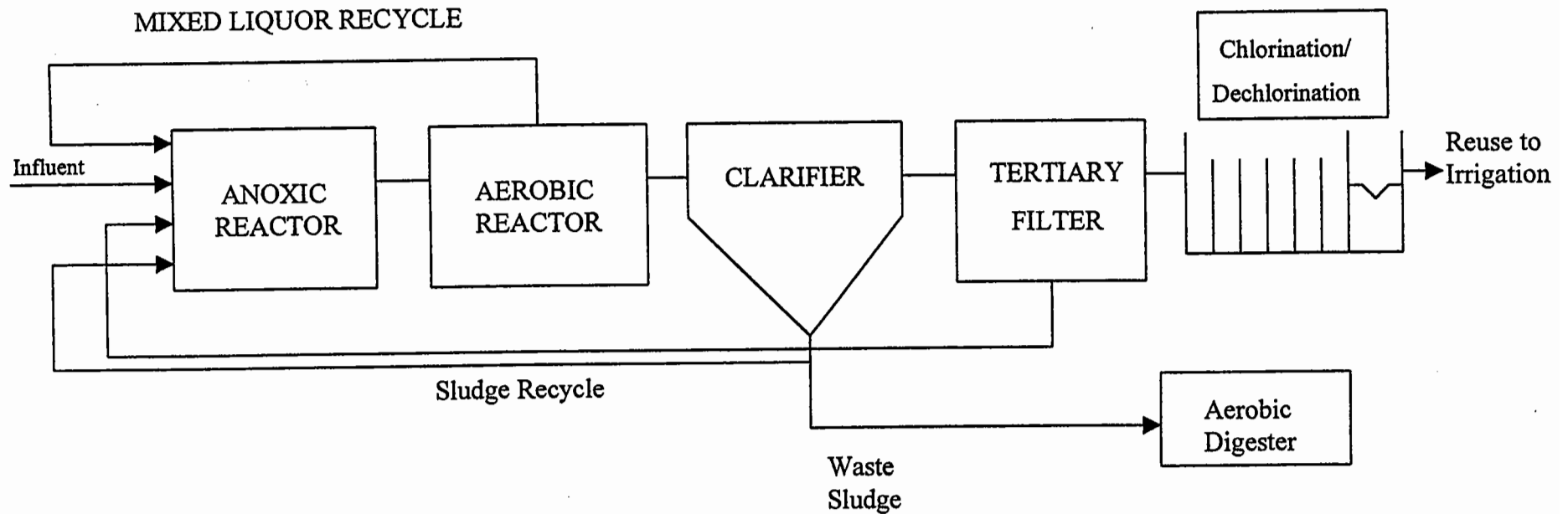
DESERT OASIS PROPOSED SEWER LINES

JANUARY 2003

**FIGURE
3**

Exhibit 4

WWTP Schematic



GTA ENGINEERING, INC.

Consulting Engineers

1990 W. Camelback Road, Suite 401

Phoenix, AZ (602) 246-7759

DESERT OASIS

WWTP PROCESS FLOW DIAGRAM

EXHIBIT

4



Introduction

WWTP Design - need to develop design
for WWTP - 350,000 gpd capacity

Aerobic Tank

$$17 \text{ hr. D.T.} \Rightarrow \frac{17 \text{ hr}}{24 \text{ hr/d}} \times 350,000 \text{ gpd} = 248,000 \text{ gal}$$

Anoxic Tank

$$17 \text{ hr. D.T.} \Rightarrow \frac{7 \text{ hr}}{24 \text{ hr/d}} \times 350,000 \text{ gpd} = 102,000 \text{ gal}$$

Clarifier

Use 16' Side wall Depth

Surface loading rate = 600 gpd/sf

$$\text{Area} = \frac{350,000 \text{ gpd}}{600 \text{ gpd/sf}} = 583 \text{ sf}$$

$$\text{Area} = \frac{\pi D^2}{4}$$

$$\therefore D = \sqrt{\frac{4A}{\pi}} = \sqrt{\frac{4 \times 583}{\pi}} = 27 \text{ ft } \phi$$

Use 30' dia.

Fig. VII-3
Bul. #11



GTA ENGINEERING
Consulting Engineers

JOB Desert Oasis
SHEET NO. 2 OF _____
CALCULATED BY _____ DATE _____
CHECKED BY _____ DATE _____
SCALE _____

$$\text{Volume} = \left[\frac{\pi \times 30^2}{4} \right] \times 16 \text{ ft} = 11,310 \text{ ft}^3 \\ = 84,600 \text{ gal.}$$

$$\text{D.T.} = 5.8 \text{ hr.}$$

Using flux analysis

$$\text{for TSS} = 5,000 \text{ mg/L}$$

$$\text{Sludge return} = 1\% = 10,000 \text{ mg/L}$$

$$\text{Max sludge stored in clarifier} = 3,527 \text{ lb.}$$

$$\text{Gallons of storage @ } 10,000 \text{ mg/L} = 42,300 \text{ gal.}$$

~ 50% of Volume.

Sufficient Storage in Clarifier

> 4 hr.
Req'd per
Table VII-2
Bull # 11

average daily flow (GPD)
average (gph)

350,000
14583

ratio to average hourly flows
for hour ending

		AM												PM												totals
	% of total flow	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Desert Oasis	100	0.5	0.3	0.2	0.1	0.1	0.1	1.0	1.5	1.5	1.0	0.7	0.7	0.7	0.5	0.5	0.8	1.0	2.0	2.5	2.5	2.0	1.8	1.0	1.0	24

100

Desert Oasis		0.50	0.30	0.20	0.10	0.10	0.10	1.00	1.50	1.50	1.00	0.70	0.70	0.70	0.50	0.50	0.80	1.00	2.00	2.50	2.50	2.00	1.80	1.00	1.00	24
--------------	--	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	----

Combined flow: ratio to ave. hour
Computed flow for hour increment (GPH) (Q)

	0.5	0.3	0.2	0.1	0.1	0.1	1.0	1.5	1.5	1.0	0.7	0.7	0.7	0.5	0.5	0.8	1.0	2.0	2.5	2.5	2.0	1.8	1.0	1.0	24
	7292	4375	2917	1458	1458	1458	14583	21875	21875	14583	10208	10208	10208	7282	7282	11687	14583	29167	36458	36458	29167	26250	14583	14583	350000 GPD calc.

MLSS (mg/l)
sludge (mg/L)
recycle ratio
Clarifier Influent (GPH) (Q+R)
Sludge recycle (GPH) (R)

8000
10000
1.0

	21875	18958	17500	18042	18042	18042	29187	36458	36458	29187	24792	24792	24792	21875	21875	28250	29187	43750	51042	51042	43750	40833	29187	29187	
	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	

solids mass in (pounds)
solids mass out (pounds)
net mass balance (pounds)

	912	791	730	889	889	889	1216	1520	1520	1216	1034	1034	1034	912	912	1095	1216	1824	2128	2128	1824	1703	1216	1216	
	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	1216	
	-304	-428	-487	-547	-547	-547	0	304	304	0	-182	-182	-182	-304	-304	-122	0	808	912	912	808	487	0	0	0 OK if <= 0

solids storage (pounds)
sludge storage (gallons)
sludge storage (cu. ft.)

	2016	1712	1286	800	252	0	0	0	304	808	808	428	243	81	0	0	0	808	1520	2433	3041	3527	3527	3527	
		20527	18423	9589	3027	0	0	0	3646	7292	7292	5104	2917	729	0	0	0	7292	18229	29187	36458	42292	42292	42292	
		2744	2052	1282	405	0	0	0	487	975	975	682	390	97	0	0	0	975	2437	3699	4874	5854	5854	5854	5853.97

Height of Clarifier Sidewall (ft.)
Depth of clear water zone (ft.)
Allowable max. depth of sludge bed (ft.)
Volume of sludge storage required (cu. ft.)
Minimum Radius (in whole feet)

8
6
11
5853.97
13

Design

average daily flow (GPD)	350,000					
average (gph)	14583					
Anoxic Retention Time (hr)	7					
Anoxic Volume (gal)	102083					
Anoxic Volume (cf)	13648		Vol. Check	>design?		
% of Outer Volume	20%	71	14186	Yes	106113	gal
Aeration Retention Time (hr)	17					
Aeration Volume (gal)	247917					
Aeration Volume (cf)	33144		Vol. Check	>design?		
% of Outer Volume	48%	173	34566	Yes	258556	gal
BOD into plant (mg/L)	500					
Solids in storage (dry #/day)	788					
SRT (days)	40	days of mean cell residence time for aerobic digestion @20°C for Class A treatment				
Total Storage (dry #)	31525.2					
% solids	4%					
Total Storage (wet #)	788130					
solids storage (gal)	94500					
solids storage (cf)	12633.7		Vol. Check	>design?		
% of Outer Volume	18%		13187	Yes	98640	gal
% of ADF as Surge Volume	20%					
Surge volume (gal)	70000					
Surge volume (cf)	9358		Vol. Check	>design?		
% of Outer Volume	14%		9790	Yes	73233	gal
Total volume (cf)	68783					
Tank height (ft)	16					
Clarifier Radius (ft)	13					
Additional Radius (ft)	27					
Total Tank Radius (ft)	40					
Total Tank Volume (cf)	80424.8					
Total Tank Volume (gal)	601577					
Check above cell(s) and adjust formula for new design - this formula only for Desert Oasis						



GTA ENGINEERING
Consulting Engineers

JOB Desert Oasis - Prel. Design

SHEET NO. 3

OF

CALCULATED BY [Signature]

DATE

3/16/02

CHECKED BY

DATE

SCALE

Preliminary Sizing of WWTP

$$\text{Dia. of Clarifier} = 30'$$

$$\text{Height} = 16' \text{ water depth} + 1' \text{ ft freeboard}$$

$$\begin{aligned} \text{Volume} &= 350,000 \text{ gal} + 10\% = 385,000 \text{ gal} / 7.48 \text{ gal/ft}^3 \\ &= 51,470 \text{ ft}^3 \end{aligned}$$

$$\text{Surface Area} = \frac{51,470 \text{ ft}^3}{16 \text{ ft}} = 3217 \text{ ft}^2$$



$$D = 71 \text{ ft}$$

Find D

$$\frac{\pi}{4} (D^2 - 30^2) = 3217 \text{ ft}^2$$

$$D^2 - 900 = \frac{4}{\pi} (3217)$$

$$D^2 = 4996$$

$$D = 70.68 \text{ ft} \Rightarrow 71 \text{ ft}$$



Tertiary Filter and Chlorination/Dechlorination

Need Peak Flow Through Plant

$$Q = 350,000 \text{ gpd}$$

Use 100 gpd/person to get population equiv.

$$Pop = 3500 \text{ pop. equiv.}$$

Use R18-9-E301, D.C. to calculate PF

$$PF = (6.330 \times p^{-0.231}) + 1.094$$

p = Upstream population

$$PF = [6.330 \times (3500)^{-0.231}] + 1.094$$

$$PF = 2.055$$

Chlorine Contact Basin

Retention Time = 15 min at peak hourly flow

$$V = Q \cdot RT = 350,000 \frac{\text{gal}}{\text{day}} \times \frac{1 \text{ day}}{1440 \text{ min}} \times 15 \text{ min} \times 2.055 (PF)$$

$$= 7,492 \text{ gal} = 1,001 \text{ ft}^3$$

Bull # 11
p. VII-119



Channel Velocity 5-15 ft/min

Table VII-35
p VII - 119

Try depth = 4 ft (+1 ft. freeboard)

$$Q = 350,000 \text{ gal/day} \times 2.055 (\text{P.F.}) \times \frac{1 \text{ day}}{24 \text{ hr}} \times \frac{1 \text{ ft}^3}{7.48 \text{ gal}}$$

$$Q = 4,006 \text{ ft}^3/\text{hr.} \times \frac{1 \text{ hr}}{60 \text{ min}} = 66.8 \text{ ft}^3/\text{min}$$

Try $V = 10 \text{ ft/min}$

$$V = \frac{Q}{A} \Rightarrow A = \frac{Q}{V} = \frac{66.8 \text{ ft}^3/\text{min}}{10 \text{ ft/min}} = 6.7 \text{ ft}^2$$

At 4 ft depth - Width $\approx 1.67 \text{ ft} \Rightarrow 2 \text{ ft}$

$$\text{Area} = 4 \text{ ft} \times 2 \text{ ft} = 8 \text{ ft}^2$$

$$V = \frac{66.8 \text{ ft}^3/\text{min}}{8 \text{ ft}^2} = 8.35 \text{ ft/min}$$

$$\text{Length of Channel} = \frac{1,001 \text{ ft}^3}{8 \text{ ft}^2} = 119.9 \text{ ft} \rightarrow 120 \text{ ft}$$

Dechlorination Basin

Rapid Mix Contact Time: 30-60 sec

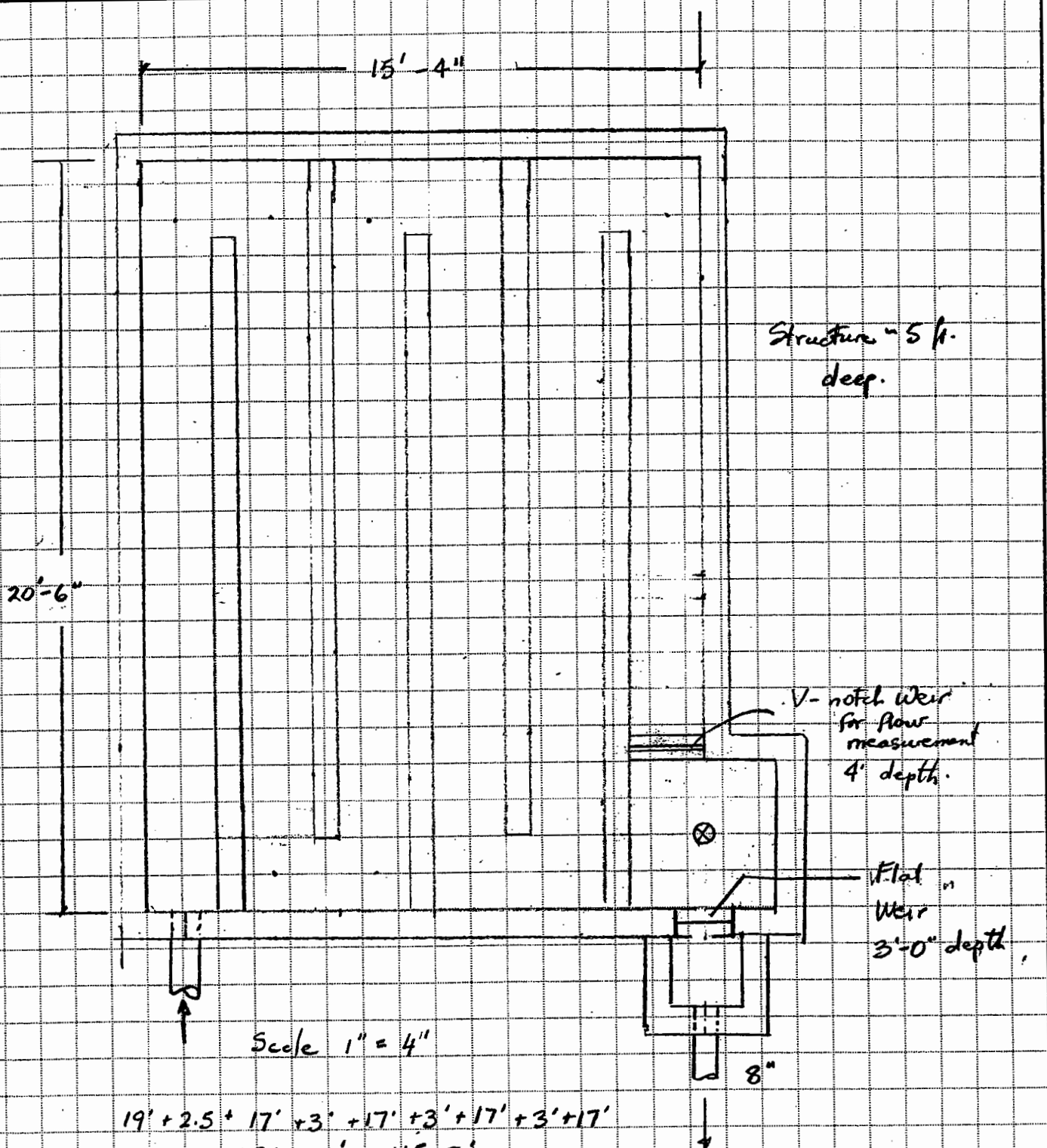
$$V = Q \times T = 66.8 \text{ ft}^3/\text{min} \times 1 \text{ min} = 66.8 \text{ ft}^3$$

Metcalf +
Eddy
p 507



GTA ENGINEERING
Consulting Engineers

JOB Desert Oasis - Prel. Design
SHEET NO. 6 OF _____
CALCULATED BY _____ DATE _____
CHECKED BY _____ DATE _____
SCALE _____



$$19' + 2.5' + 17' + 3' + 17' + 3' + 17' + 3' + 17' + 3' + 14' = 115.5'$$

Need 120' \Rightarrow Short 120 - 115.5 = 4.5'

Making channels 6" long adds 6'

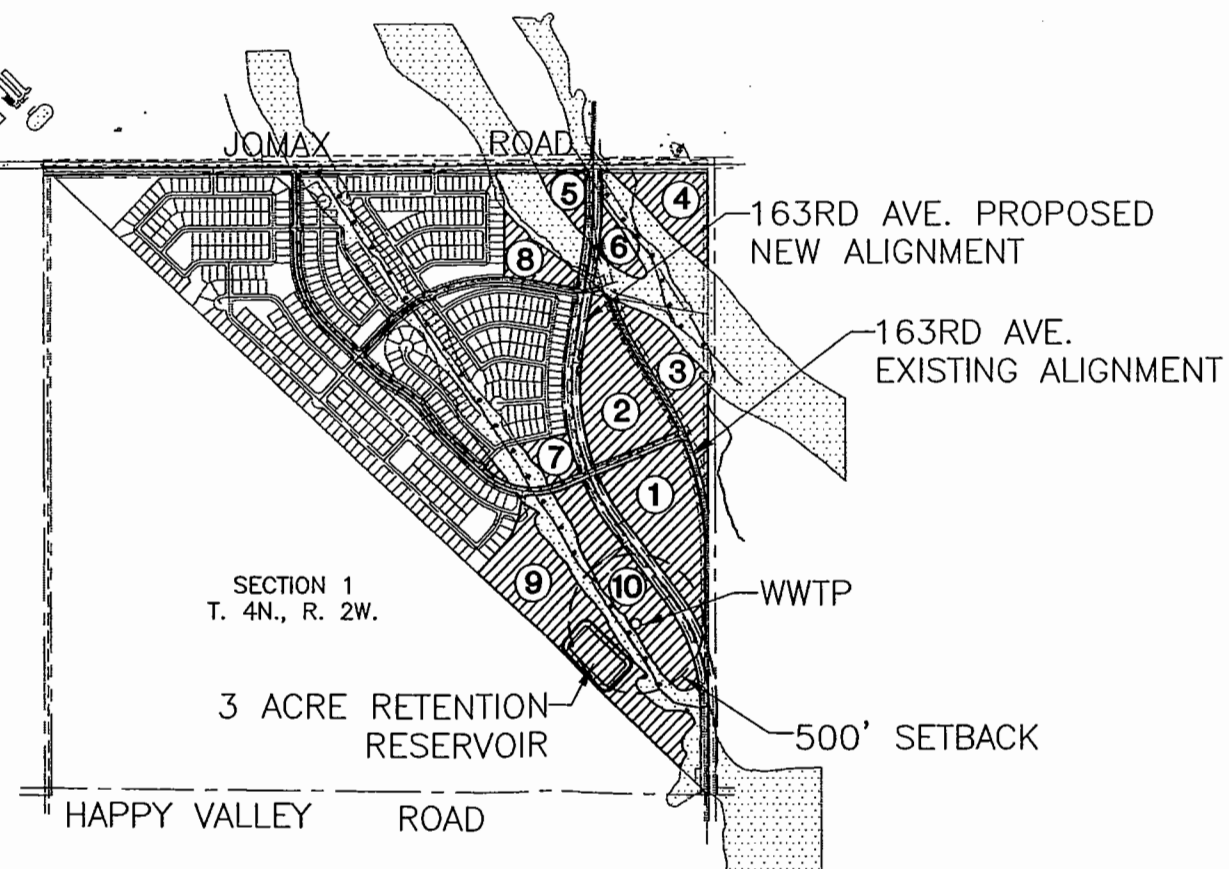
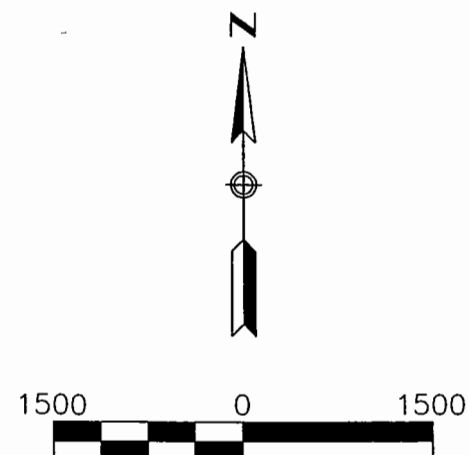
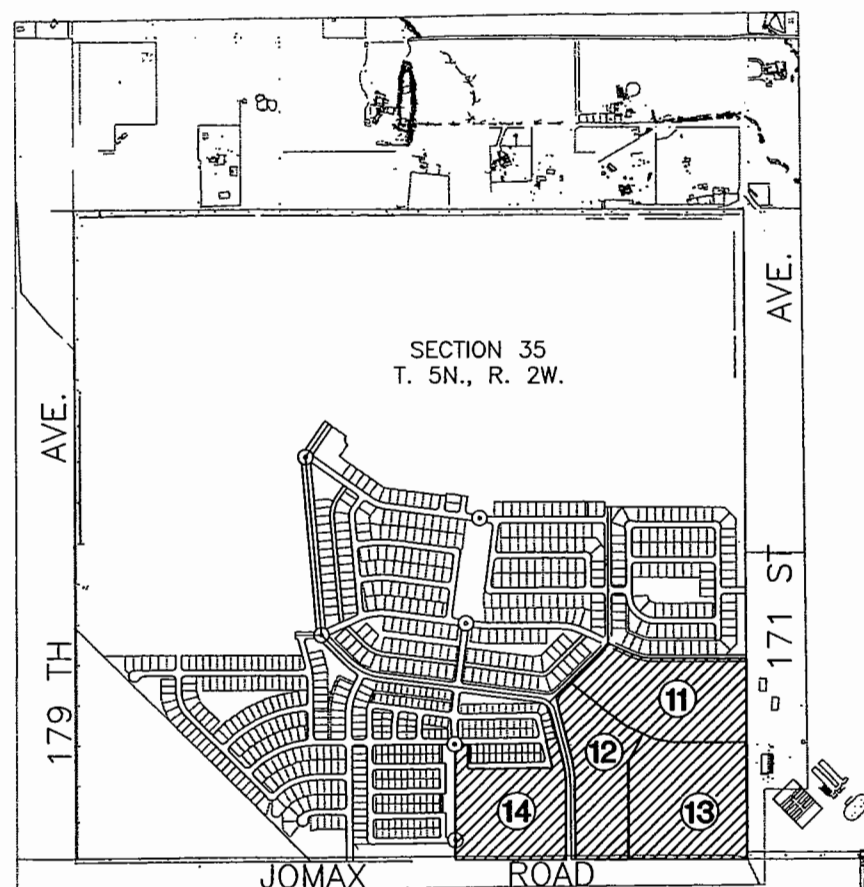
Exhibit 5

Prepared by: GTA ENGINEERING, INC.		Rye grass consumptive use calculation:				Tree consumptive use calculation:					
Site name:		Desert Oasis									
Location:		Surprise, Arizona									
System average daily flow: (MG/D)		0.3500									
Yearly evaporation rate: (in/year):		76.10									
Total lake and free water surface area:		3.00									
Landscape acreage:		150.00									
Summer crop:		Burmuda Grass									
Winter crop:		Rye grass									
Estimated Storage required (gal.):		4,615,239									
Water balance total/year:		(172,562,474)									
		14.16									

A positive value indicates insufficient water usage, a negative value is indicated by (parentheses).

	Monthly effluent available: gallons:	Rainfall inches per month:	Rainfall gallons per month:	Total evaporation: gallons per month:	30% Leaching Factor	Consumptive use of grasses: inches per acre:	Consumptive use of grasses: gallons per month:	Consumptive use of trees: gallons per month:	Total landscape water demand: gallons per month:	Total water available: gallons per month:	Net water balance: gallons per month:	Storage Required
January	10,850,000	0.76	3,157,281	186,587	2,902,035	2.38	9,673,450	0	12,575,485	14,007,281	1,245,210	1,245,210
February	9,800,000	0.72	2,991,108	265,685	3,263,891	2.67	10,879,637	0	14,143,529	12,791,108	(1,352,420)	0
March	10,850,000	0.83	3,448,083	414,334	4,535,341	3.71	15,117,805	0	19,653,146	14,298,083	(5,355,063)	0
April	10,500,000	0.38	1,578,641	566,145	5,324,246	4.36	17,747,487	0	23,071,734	12,078,641	(10,993,093)	0
May	10,850,000	0.07	290,802	774,862	6,484,480	5.31	21,614,934	0	28,099,415	11,140,802	(16,958,612)	0
June	10,500,000	0.11	456,975	850,736	10,419,379	8.53	34,731,265	0	45,150,644	10,956,975	(34,193,669)	0
July	10,850,000	0.82	3,406,540	850,736	12,640,078	10.34	42,133,592	0	54,773,670	14,256,540	(40,517,130)	0
August	10,850,000	1.05	4,362,033	774,862	11,013,417	9.01	36,711,392	0	47,724,809	15,212,033	(32,512,776)	0
September	10,500,000	0.63	2,617,220	591,436	7,538,781	6.17	25,129,269	0	32,668,050	13,117,220	(19,550,830)	0
October	10,850,000	0.73	3,032,652	455,433	5,474,681	4.48	18,248,938	0	23,723,619	13,882,652	(9,840,968)	0
November	10,500,000	0.52	2,160,245	281,492	3,880,015	3.18	12,933,382	0	16,813,397	12,660,245	(4,153,152)	0
December	10,850,000	1.03	4,278,947	186,587	3,117,442	2.55	10,391,475	0	13,508,917	15,128,947	1,620,030	1,620,030
SUMS:	127,750,000	7.65	31,780,527	6,198,893	76,593,788	62.69	255,312,626	0	331,906,414	159,530,527	(172,562,474)	2,865,239

Storage requirement estimation:	FOR INTERNAL USE ONLY!
Storage required: gallons:	
Five day emergency Storage (gal)	1,750,000
Storage required based on long term water balance:	2,865,239
Estimated Total storage required:	4,615,239
	14.16 AF
Basin Depth =	4.72 ft.



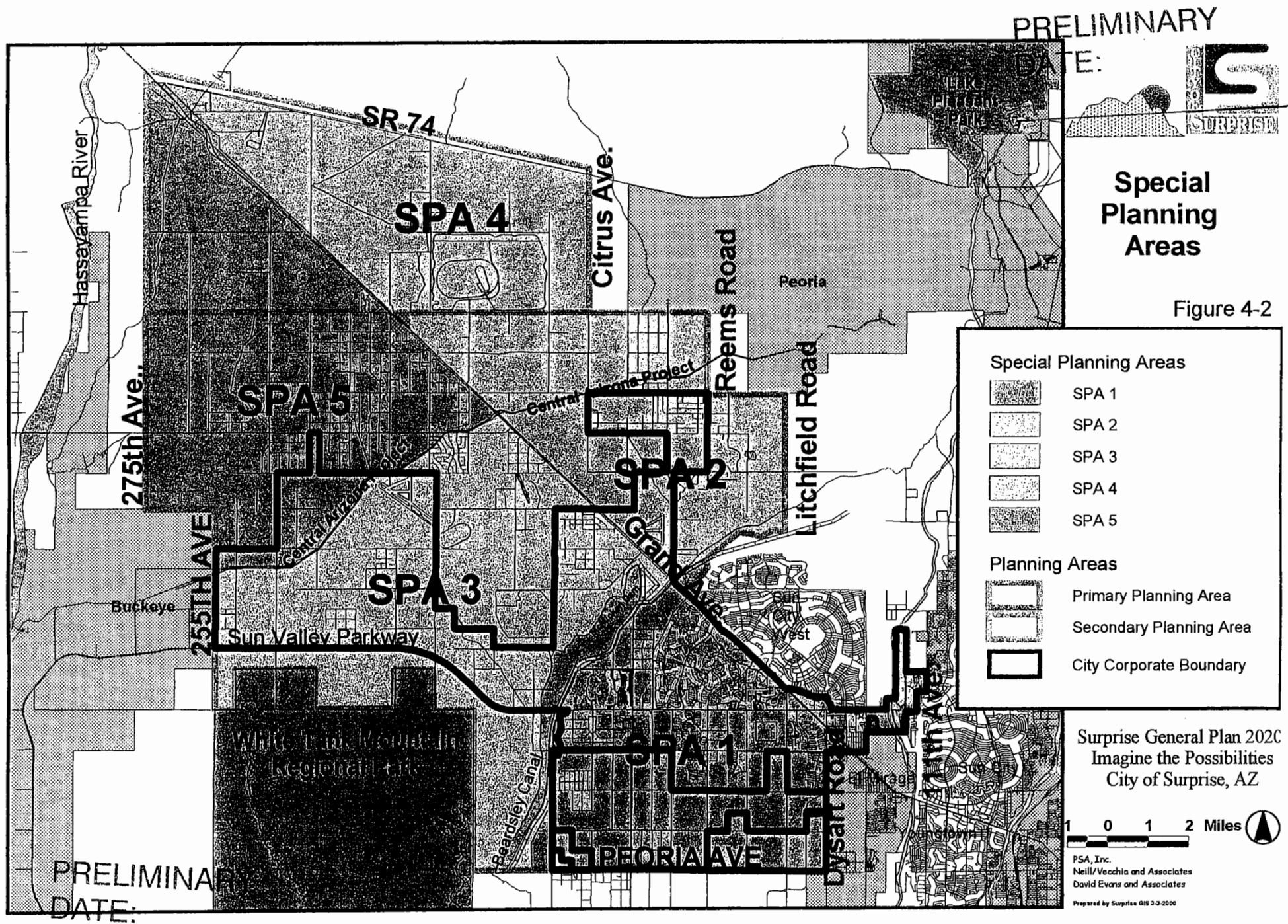
AREA ACREAGE	
①	14.58 ACRES
②	13.74 ACRES
③	8.29 ACRES
④	6.76 ACRES
⑤	2.53 ACRES
⑥	2.37 ACRES
⑦	2.95 ACRES
⑧	4.19 ACRES
⑨	20.41 ACRES (RESERVOIR INCLUDED)
⑩	12.48 ACRES
⑪	15.12 ACRES
⑫	12.64 ACRES
⑬	19.03 ACRES
⑭	15.38 ACRES
TOTAL 150.47 ACRES	

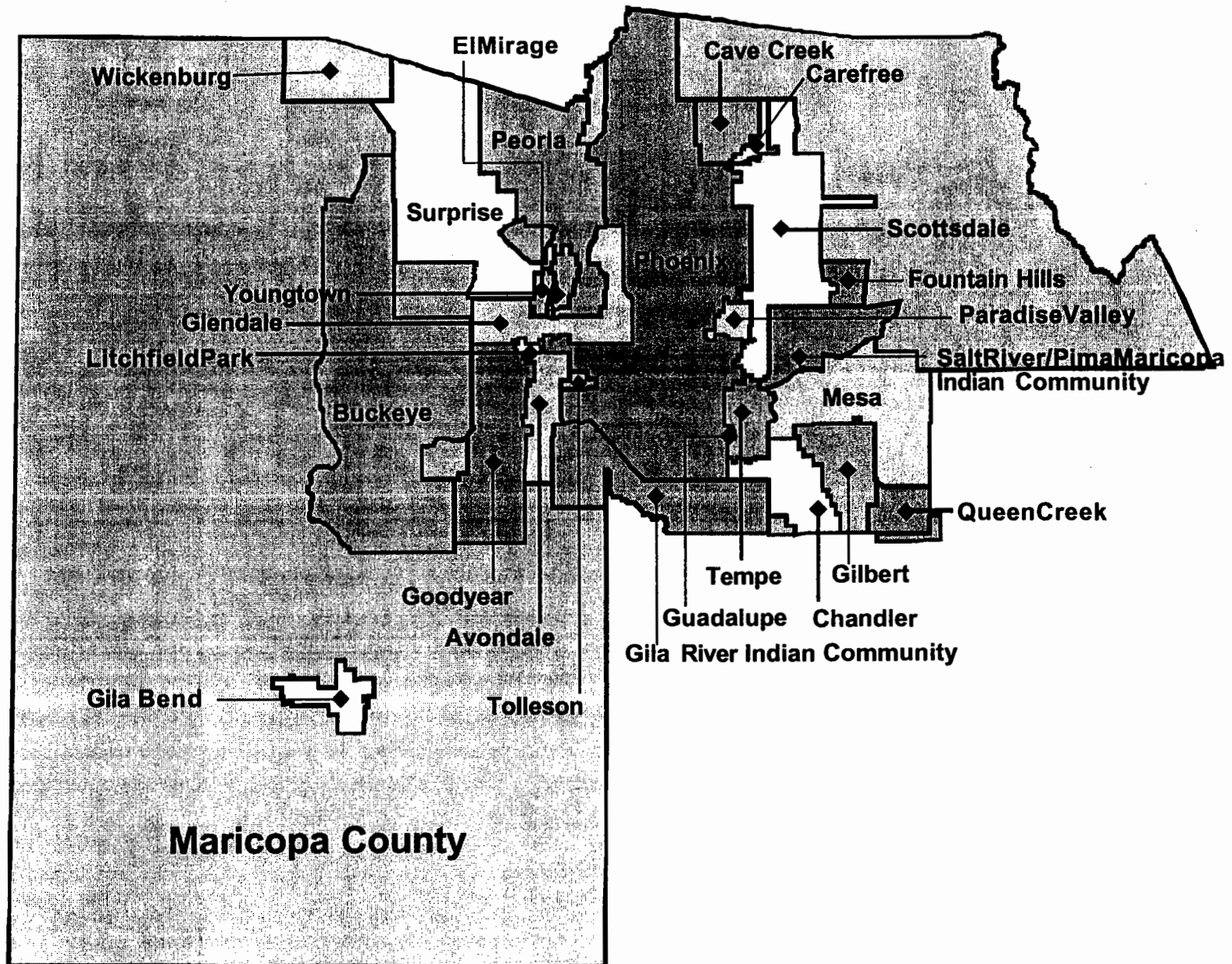
GTA ENGINEERING, INC.
CONSULTING ENGINEERS
1990 W CAMELBACK RD. STE. 401
PHOENIX, AZ (602)246-7759

DESERT OASIS
EFFLUENT REUSE AREA
SITE PLAN
AUGUST 2002

FIGURE
5

Exhibit 6





CITY OF SURPRISE
COUNCIL AGENDA ACTION FORM

FILE COPY

X Regular Meeting
 _____ Special Meeting
 _____ Workshop

MEETING SCHEDULED:

Time: 7:00 P.M.

Date: October 12, 2000

DAVE

Submitting
 Department: Legal

Contact Person: Ted Mariscal

Consent
 Regular X

Requesting Action X
 Report Only O

Type of Document Needing Approval:

<input checked="" type="checkbox"/> Public Hearing	<input type="checkbox"/> Final Reading/Ordinance
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Emergency Clause
<input type="checkbox"/> First Reading/Ordinance	<input type="checkbox"/> Special Consideration
<input type="checkbox"/> Grant <input type="checkbox"/> Submission <input type="checkbox"/> Acceptance	<input type="checkbox"/> Intergovernmental Agreement
<input checked="" type="checkbox"/> Agreement	

Council Priority (Check Appropriate Areas):

<input type="checkbox"/> Communications	<input checked="" type="checkbox"/> Neighborhoods
<input type="checkbox"/> Cultural Diversity/Racial Equity	<input type="checkbox"/> Public Safety
<input type="checkbox"/> Economic Development	<input type="checkbox"/> Rebuild & Maintain
<input checked="" type="checkbox"/> Growth Management	<input type="checkbox"/> Infrastructure
<input type="checkbox"/> Quality Service Delivery	<input type="checkbox"/> Human Service Needs

Neighborhood/Commission/Committee Notified by Submitting Department:

Action Taken: Approval on first reading of the zoning application and annexation application for the proposed development of Desert Oasis.

Agenda Wording: Request for approval of Resolution 00-124 approving a Pre-Annexation Development Agreement for the Desert Oasis Development which is bounded generally on the north by Dynamite Road, on the west by the 180th Avenue corridor, on the south by the Happy Valley Road corridor, and on the east by 163rd Avenue

✓ Background (Attach separate sheet if necessary): This is the development agreement for the proposed development of Desert Oasis

Recommendation: Approve

Fiscal Impact: Yes XX
 Budget Account Code: _____

No _____
 Amount Available: _____

List Attachments as Follows: Attorney-Client memorandum to be provided separately
 On file for review in the City Clerk's Office: Pre-Annexation Development Agreement

Include in Council Packets: N/A

Signatures of Submitting Officers (Sign Legibly):

Dept. Head

Legal Review

Supervisor

City Manager/Designee

Finance Administrator

Distribution After Council Action:

~~5. Villanueva~~ - P.D. # *1000*

Alvarez file

City Clerk: Originals

Council Action:

Motion/Second

Shafer

Montoya

Villanueva

Johnson

Anderson

Smith

Allen

and

am

Results:

For

Against

Passed

Failed

Deny

Continue

Tabled

Absent

Other

5

5

✓

Johnson / Montoya

RESOLUTION NO. 00-124

A RESOLUTION APPROVING A PRE-ANNEXATION DEVELOPMENT AGREEMENT FOR THE DESERT OASIS DEVELOPMENT WHICH IS BOUNDED GENERALLY ON THE NORTH BY DYNAMITE ROAD, ON THE WEST BY 180th AVENUE CORRIDOR, ON THE SOUTH BY THE HAPPY VALLEY ROAD CORRIDOR, AND ON THE EAST BY 163RD AVENUE

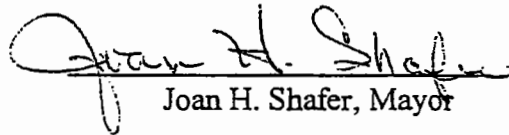
WHEREAS, the City is authorized by A.R.S. 9-500.05 to enter into development agreements; and

WHEREAS, the City Council finds that entering into a development agreement for the Desert Oasis development will be beneficial to the City;

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Surprise, Arizona, that:

1. That certain document entitled "Pre-Annexation Development Agreement (The Desert Oasis at Surprise)", which will be executed by and between the City of Surprise, the owners, and the developer is approved; and
2. The Mayor is authorized and directed to sign this agreement on behalf of the City; and
3. This Resolution shall become effective thirty days after its adoption.

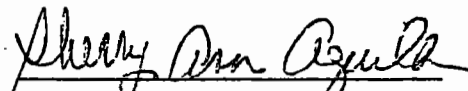
PASSED AND ADOPTED, this 12 day of Oct. , 2000.


Joan H. Shafer, Mayor

Approved as to form:

Attest:


City Attorney


City Clerk

Ayes: Mayor Shafer, Vice-Mayor Anderson, Councilmembers: Allen, Smith, Villanueva. Absent: Johnson, Montoya.

Nays: _____

Exhibit 7

**FINANCIAL STATEMENT
FOR
171ST AVENUE & JOMAX, LLC
AS OF JULY 29, 2002**

ASSETS

CASH

Cash Reserves-Engineering	\$1,075,000
Interest Reserves	2,624,000
Deposits(Old Standard Life Ins.)	45,000

REAL ESTATE

Baer and Lancer Residential lots	36,000,000
Baer and Lancer commercial lots	4,000,000

TOTAL ASSETS	\$	43,744,000
---------------------	-----------	-------------------

LIABILITIES

REAL ESTATE MORTGAGE

Old Standard Life Insurance	\$17,000,000
Accordant, LLC	5,800,000

NOTES PAYABLE

Angela Sabella	350,000
----------------	---------

TOTAL LIABILITIES	\$	23,150,000
--------------------------	-----------	-------------------

SHAREHOLDERS EQUITY	\$	20,594,000
----------------------------	-----------	-------------------

TOTAL SHAREHOLDERS EQUITY & LIABILITY	\$	43,744,000
--	-----------	-------------------

Exhibit 8



Arizona-American Water Company

15626 North Del Webb Boulevard • Sun City, Arizona 85351 • (623) 974-2521 • Fax (623) 933-0031

#01028.00

FILE COPY

CC: DH, HK, CL, FF, FR

DUE

Dana
Balka

July 19, 2002

Hunn & Assoc. inc.

JUL 23 2002

171st Avenue & Jomax LLC
c/o Duan Hunn Associates
2901 W. Central Avenue, Suite 1644
Phoenix, AZ 85012

Received

Dear Mr. Hunn,

Arizona-American Water Company (AZAWC) is interested in the wastewater operation & maintenance (O&M) contract opportunity with 171st Avenue & Jomax, LLC. AZAWC currently owns and operates three wastewater treatment plants in Arizona and operates a third plant under an O&M agreement with the Town of Cave Creek. Additionally, AZAWC conducts O&M water operations for the City of Surprise.

Prior to entering into negotiations, AZAWC will need to obtain more detailed information on the expected growth rate of your proposed development, the size and technology of proposed wastewater treatment plant, the wastewater collection system and contractual agreements with the City of Surprise. AZAWC's Wastewater Superintendent, Mark Cardoza, will be contacting you regarding our information requirements.

Thank you for considering Arizona-American Water Company for this opportunity.

Sincerely,

Brian K. Bicsmeyer, P.E.
Operations Manager

cc: Rob Kuta, AZAWC
Fred Schneider, AZAWC
Mark Cardoza, AZAWC



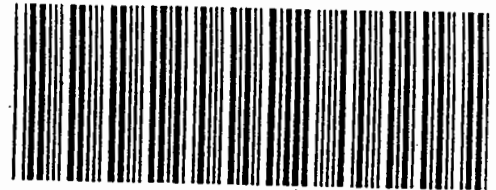
Printed on recycled paper; each ton of recycled paper saves 7,000 gallons of water
50% recycled fiber • 20% post consumer waste

Exhibit 9

When recorded, return to
Gallagher & Kennedy
2575 E. Camelback Road
Phoenix, AZ 85016
Attn: Dana Stagg Belknap

FILE COPY

#01028
Dev. Agreement



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

2000-0844394 11/02/2000 11:39

RAGUEL 1 OF 1

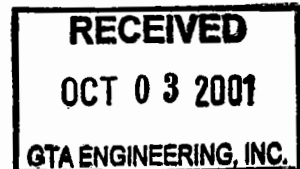
**PRE-ANNEXATION DEVELOPMENT AGREEMENT
(THE DESERT OASIS AT SURPRISE)**

THIS PRE-ANNEXATION DEVELOPMENT AGREEMENT ("Agreement") is entered into by and between the City of Surprise, an Arizona municipal corporation (the "City"), and The Lancer Company Limited Partnership, an Arizona limited partnership ("Lancer"), Arthur Baer ("Baer"), and CML, Inc., an Arizona corporation ("CML" or "Developer"). Lancer and Baer are referred to herein collectively as the "Owners." The City and the Owners and Developer are referred to herein collectively as the "parties."

RECITALS:

A. The Owners own approximately 892 acres, consisting of two non-contiguous parcels of land connected by Jomax Road. One of the parcels consists of approximately 595 acres and is located in unincorporated Maricopa County at the northwest corner of Jomax Road and 171st Avenue, which property is legally described on Exhibit A attached hereto (the "Lancer Property"). The other parcel consists of approximately 297 acres and is located within the City at the southeast and southwest corners of Jomax Road and 163rd Avenue, which property is legally described on Exhibit B attached hereto (the "Baer Property"). Lancer Property and the Baer Property are referred to herein collectively as the "Property."

B. The City and Lancer each desire that the Lancer Property be annexed into the City. Prior to its execution of this Agreement, the City has held public hearings on the



20084394

annexation of the Lancer Property, and a blank annexation petition has been filed with Maricopa County.

C. The City and the Owners each desire that the Property be developed in accordance with a Planned Area Development Plan ("PAD Plan") that will be consistent with the master plan attached hereto as Exhibit C ("Master Plan"). The Master Plan provides for single family residences, multi-family residences, commercial/retail uses, a possible school site, a park, recreational areas and open space.

D. The Owners have disclosed to the City and the City acknowledges that the Owners will not themselves develop the Property. The Owners have further disclosed to the City and the City acknowledges that after this Agreement and a PAD Plan consistent with the Master Plan are approved by the City, the Owners intend to sell the Property to Developer, who intends to develop the Property in accordance with this Agreement and a PAD Plan consistent with the Master Plan.

E. The City and the Owners acknowledge and agree that annexation of the Lancer Property and development of the Property pursuant to this Agreement and a PAD Plan consistent with the Master Plan will result in significant planning and economic benefits to the City and its residents by (i) adding the Lancer Property to the tax rolls of the City; and (ii) increasing tax and other revenues to the City based on improvements to be constructed on the Property and the operation of new businesses on the Property; and (iii) creating housing and employment in the City through the development of the Property; and (iv) providing for the design, construction and financing of public infrastructure to service the Property; and (v) providing for other matters relating to the development of the Property.

200804394

F. The City confirms that development of the Property pursuant to this Agreement conforms to the Surprise Comprehensive Development Guide ("General Plan") on the date of this Agreement.

G. The City confirms that prior to the execution of this Agreement, the City has given all required public notice and has held all required public hearings to receive comment, discuss and otherwise consider and approve the terms and conditions of this Agreement.

H. The City and the Owners are entering into this Agreement pursuant to the provisions of A.R.S. § 9-500.05 and it shall have the full force and effect therein.

AGREEMENT:

1. Incorporation of Recitals. The Recitals stated above are true and correct and are incorporated herein by this reference.

2. Annexation.

The City, having held public meetings thereon, concurrently with its approval of this Agreement, will consider the annexation of the portions of the Property not already in the City to the City. Developer has delivered to the City an appropriate Petition for Annexation duly executed by all necessary property owners (the "Annexation Petition"). The City agrees to comply with the provisions of A.R.S. § 9-471 *et seq.* and, if determined to be in the best interest of the City, adopt the final ordinance annexing the Property into the corporate limits of the City, which ordinance shall contain a provision providing for the immediate rescission of the annexation ordinance by the City if: (a) any party files a verified petition with the City challenging the validity of the annexation; (b) the City does not approve PAD zoning and a PAD Plan consistent with the Master Plan to be effective within three days following the annexation of the Property by the City; (c) any party files a verified referendum petition with the Town challenging the PAD zoning or PAD Plan; or (d) any party files a verified referendum petition

20084434

with the City challenging the validity of this Agreement. The rescission of the Annexation Ordinance shall occur (by Motion for Reconsideration or other appropriate means) prior to the expiration of the 30-day period following the City's adoption of the Annexation Ordinance (i.e. before annexation of the Lancer Property is final and effective under applicable law), even if the City must hold a special meeting of the City Council to do so.

3. Municipal Services. The City shall provide all municipal services to the Lancer Property (after annexation into the City) and to the Baer Property, to the same extent and upon the same terms and conditions as those services are provided to other real properties in the City, except as otherwise provided herein or in a prior development agreement with owners of real properties in the City. Pursuant to the provisions of A.R.S. § 9-471(O), this Agreement shall constitute an approved plan, policy, and procedure for providing appropriate levels of infrastructure and services to the annexed Property within ten (10) years of annexation.

4. Assured Water Supply. The City is designated as having an assured water supply pursuant to A.R.S. § 45-576. Upon recordation of a final plat for the Property or any portion thereof, subject to water availability, on a first-come, first-served basis, the City shall certify an assured water supply for every use of the Property for which an assured water supply is required by law, including each residential unit, subject only to Developer completing the Water System Improvements (defined below) and transferring water rights to the City as provided in this Agreement in Section 7 below. Notwithstanding anything herein to the contrary, the Developer shall be entitled to water generated by the Water System for service for the entire Property at full build-out and such entitlement shall not be subservient to any other entitlement except in times of emergency; provided, however, that such entitlement is subject to the Water System providing water sufficient in quality and quantity to service the Property.

2000544394

5. Water System.

5.1 The Developer shall cooperate in good faith with the City to design and construct a water system as described herein to serve the Property with municipal water (the "Water System").

5.2 The Water System shall consist of: (a) two or more wells with a combined pumping capacity as described in Section 6.1.1 (the "Wells"); and (b) the Well Improvements (defined below); and (c) one above-ground water storage tank with a storage capacity of at least 2,000,000 usable gallons, or two above-ground water storage tanks, each with a storage capacity of at least 1,000,000 usable gallons (the "Tank"); and (d) water transmission lines connecting the Wells to the Tanks ("Connecting Water Lines"); and (e) on-site water distribution lines to service the Property ("Water Distribution Lines"); and (f) water transmission lines required to loop the Water System ("Water Transmission Lines").

5.3 The Developer shall have no obligation to design, construct, pay for, operate, maintain or repair any equipment, facility, operation or service with regard to the City's municipal water system, except as expressly provided in this Agreement.

6. Water System Improvements. The Developer and the City, respectively, shall have the following rights and obligations with respect to the design and construction of the Wells, Well Improvements, Tanks, Connecting Water Lines, Water Distribution Lines, and Water Transmission Lines (collectively, "Water System Improvements").

6.1 Wells.

6.1.1 Developer shall improve existing wells and/or drill and improve new wells, so the Property is served with two or more wells with a combined pumping capacity of approximately 4500 gallons per minute. As an alternative to constructing new wells, the

Developer may apply to the City for permission to rehabilitate one or more existing agricultural wells to serve as one or more of the Wells. With its application, the Developer shall submit to the City: (a) all available historic data concerning the volume and quality of the water produced by the existing agricultural wells; (b) all available historic data concerning the maintenance and repair record of the existing agricultural wells; (c) the results of all inspections, testing, and evaluations of the agricultural wells that may be required by the City, including but not limited to a television examination of the entire well shaft and associated equipment (collectively, "Evaluations"); and (d) all other information required by the City. The City will not require Evaluations or other information unless such Evaluations and/or other information are typically used by the City to evaluate rehabilitation of City-owned wells. All inspection, testing, and evaluation of the Wells shall be performed at the Developer's expense. If the City determines, based on all information available to it and consistent with similar determinations made by the City for rehabilitation of City-owned wells, that one or more of the existing agricultural wells can be rehabilitated so that they will produce the required quantity and quality of water for a period of 50 years, the City will authorize the Developer to substitute rehabilitation of such existing agricultural wells for construction of the new Wells. If so authorized by the City, Developer shall rehabilitate the existing agricultural wells, subject to the City's review and approval of the plans and specifications for the Wells as provided herein, and in accordance with the City's then-existing standards for well rehabilitation.

6.1.2 Developer shall design and construct those improvements to the Wells (collectively, "Well Improvements") required for the Wells to serve as a source of municipal water and fire flow for the Property. The Well Improvements are detailed on Exhibit E attached hereto and shall meet the City's minimum standards for potable water. The Well

Improvements shall be constructed in accordance with the City's Rules, as defined in Section 17. The pumping capacity of each Well shall be at a capacity acceptable to the City in its reasonable discretion.

6.1.3 Developer shall provide to the City copies of all documentation relating to the Wells and/or Well improvements that are submitted to the Arizona Department of Water Resources ("ADWR") for ADWR's review and approval. This Section 6.1.3 shall not be interpreted as limiting the information required to be provided for rehabilitation of agricultural wells pursuant to Section 6.1.1.

6.2 Tank.

6.2.1 Developer shall design and construct the Tank at the approximate location shown on Exhibit D attached hereto. The Tank shall be constructed in accordance with the City's Rules, as defined in Section 17, for above-ground water storage tanks.

6.2.2 Developer shall complete construction of one above-ground Tank with a storage capacity of at least 1,000,000 usable gallons prior to the construction of any residential units and/or commercial/retail uses on the Property or provide an alternate source of fire flow approved by the City's Fire Marshal, such as a connection to an existing water storage tank or a temporary water basin or a temporary connection to existing water lines, subject to approval by the City, and thereafter proceed expeditiously to complete construction of the Tank.

6.3 Connecting Water Lines. Developer shall design and construct the Connecting Water Lines in conjunction with construction of the Tank. The Connecting Water Lines shall be constructed in accordance with the City's Rules, as defined in Section 17, for such water lines.

6.4 Water Distribution Lines.

6.4.1 The Developer shall design and construct those on-site water distribution lines required to serve individual parcels within the Property. The Water Distribution Lines shall be 8" in size, and shall be constructed in accordance with the City's Rules, as defined in Section 17, for such water lines.

6.4.2 Developer shall tie the Water Distribution Lines into the Water Transmission Lines. Developer shall not be charged any water line extension fee or comparable fee to tie the Water Distribution Lines into the Water Transmission Lines because all of the Water Transmission Lines are to be constructed by Developer.

6.5 Water Transmission Lines. Developer shall design and construct the Water Transmission Lines shown on the Conceptual Water System Plan attached hereto as Exhibit D and such valves and fire hydrants as required by the City's Master Water Plan. The Water Transmission Lines shall be sized and approximately located as shown on Exhibit D, shall be constructed in accordance with the City Rules, as defined in Section 17, for such water lines.

7. Water Rights.

7.1 The City shall retain the right to extinguish the Type 1 Non-Irrigation Grandfathered Rights for Assured Water Supply Credits and to have those credits pledged to the City. By way of example only, such action would be taken if ADWR was to determine that the water delivered to the landscaped open areas by the City would factor into the City's conservation requirements. Type 1 rights appurtenant to the Property that are not associated with landscaped open areas shall be extinguished for Assured Water Supply Credits and those credits shall be pledged to the City.

2000044344

7.2 Developer will accomplish, or cause the Association to accomplish, the following:

(a) Obtain from ADWR any turf facility or individual user permits required for the installation, operation, and maintenance of landscaped open areas on the Property to be maintained by the Association.

(b) Comply with all water conservation requirements imposed on landscaped open areas on the Property by ADWR and/or the City, provided that such requirements imposed by the City shall be applied to the Property in a non-discriminatory way.

(c) Cooperate reasonably with the City in making arrangements which may be necessary to ensure, to the maximum extent possible, that ADWR will not include the water used by the Association to maintain landscaped open areas and rights-of-way pursuant to Type 1 and/or Type 2 Rights in calculating the City's conservation requirements. By way of example only, such arrangements could include the Association executing a no-cost, non-exclusive lease of a City-owned well for use as a withdrawal point for water withdrawn pursuant to the Association's Type 1 and/or Type 2 Rights.

7.3 The City acknowledges and agrees that Developer or the Association may drill, operate, maintain, repair and replace a well(s) on the Property for use as a withdrawal point(s) for water withdrawn pursuant to the Association's Type 1 and/or Type 2 Rights for the purpose of supplying water to the landscaped open areas. If the amount of Type 1 and/or Type 2 Rights available to the Association are insufficient in quality or quantity to satisfy the landscaping water demand at the landscaped open areas on the Property to be maintained by the Association, then the City shall supply landscaping water from the Water System, and once the Water System is connected to the remainder of the City's domestic water system, from the City's

domestic water system, to the landscaped areas of the Property to be maintained by the Association. Developer also may use treated effluent from the Temporary WWTP (as hereinafter defined) for irrigating the landscaped open areas.

7.4 Developer shall have no obligation to convert or extinguish any water rights or transfer any water rights to the City, except as expressly provided in this Agreement.

8. Cost of Water System Improvements.

8.1 The City and the Developer reasonably estimate the cost of the Wells, the Well Improvements, the Tank, the Connecting Water Lines, the Water Distribution Lines, and the Water Transmission Lines to be as detailed on Exhibit F. The City and Developer acknowledge and agree that the actual cost of these improvements may differ from the estimated costs.

8.2 For all provisions of the Water System Improvements that require reimbursement by the City and for which the City has standard engineering plans not specific to a particular site ("Standard Plans"), the Developer shall utilize the Standard Plans for the design and construction of such Water System Improvements. The Developer shall not be liable for its reliance on and use of the Standard Plans, as the City expressly is requiring the use of the Standard Plans.

8.3 The Developer shall pay directly to its contractors all costs to design and construct the Water Distribution Lines, and shall not be reimbursed any portion of such costs, except if the Water Distribution Lines are oversized for the needs of the Property. The City and Developer agree that the 8" Water Distribution Lines are sized only to serve the needs of the Property and are not oversized. The City agrees that Developer shall not be required to oversize the Water Distribution Lines.

8.4 The Developer shall pay directly to its contractors all costs to design and construct the Water Transmission Lines, and shall not be reimbursed any portion of such costs, except if the Water Transmission Lines are oversized for the needs of the Property. The City and Developer agree that the 8" and 12" transmission lines shown on Exhibit D are sized only to serve the needs of the Property and are not oversized. The City agrees that Developer shall not be required to oversize the 8" and 12" Water Transmission Lines. The 16" Water Transmission Lines shown on Exhibit D are oversized; accordingly, the City shall reimburse to the Developer the cost of oversizing such Water Transmission Lines from 12" to 16".

8.5 The Developer shall pay directly to its contractors all costs to design and construct the Wells, the Well Improvements, the Tank, and the Connecting Water Lines, and shall be reimbursed by the City its actual costs for such improvements, in full, without interest, together the fair market value of the Tank Land (as defined in Section 9.1) (collectively "Reimbursable Costs"). Reimbursement shall be from the credits against the water system development fees due from the Developer to the City as a result of residential and/or commercial/retail development on the Property and from funds collected from water system development fees paid by developers of off-site properties that benefit from Wells, the Well Improvements, the Tank, and/or the Connecting Water Lines. All credits against water system development fees due from the Developer to the City shall be applied on a unit-by-unit basis when a building permit is issued.

8.5.1 No developer(s) of off-site properties shall be permitted to benefit from the Wells, Well Improvements, Tank and/or Connecting Water Lines unless and until the City demonstrates that the Wells, Well Improvements, Tank, and/or Connecting Water Lines actually are capable of serving development in addition to the development on the Property or

that the City has replacement sources of water and water storage available to serve the Property that are equal to or greater than needed to serve the developer(s) of off-site properties who desire to benefit from the Wells, Well Improvements, Tank and/or Connecting Water Lines. The Developer recognizes that the City may utilize these Water System Improvements in times of actual emergency.

8.6 Once the Developer has been reimbursed in full the Reimbursable Costs through development fee credits and/or reimbursement from developers of off-site properties, then any additional water system development fees collected by the City from the Developer as a result of development of the Property shall be retained by the City and the Developer shall have no claim to such fees.

8.7 Notwithstanding anything herein to the contrary, if the Developer pays for the design and construction of the Wells, Well Improvements, Tank, and/or Connecting Water Lines, but is not the builder of residential units and/or commercial/retail uses on the Property, then any water system development fees will be collected by the City from the builders and from developers of off-site property, and disbursed to the Developer. All such fees shall be collected and held by the City in a segregated account and disbursed to Developer quarterly or upon the accumulation of \$25,000 in the account, whichever is earlier. If the builder pays for the design and construction of the Wells, Well Improvements, Tank and/or Connecting Water Lines, then the builder, and not the Developer, shall receive the Reimbursable Costs. Either the Developer or the builder, as applicable, may assign its rights to the Reimbursable Costs hereunder to a third party for its use in connection with the development of the Property or any portion thereof. Any such assignment shall be in writing and filed with the City.

8.8 Notwithstanding anything herein to the contrary, the City acknowledges and agrees that the Developer may enter a cost-sharing agreement for the design and construction of all or some of the Water System Improvements with one or more builders or developers served by said improvements, provided however that such builders or developers must be developing a portion of the Property or have received City approval to utilize such Water System improvements.

9. Conveyance of Water System Improvements, Municipal Water Service.

9.1 When the City has approved the Water System Improvements (or that portion thereof required for the phased development of the Property) as being completed in accord with City standards, then the Developer (a) shall deliver "as-built" plans of the approved Water System Improvements to the City; and (b) shall dedicate the approved Water System Improvements, the land on which the Wells are located ("Well Land"), and the land on which the Tank is located ("Tank Land") to the City, free and clear of all liens and encumbrances which could affect marketability of title; and (c) thereafter the City shall provide municipal water service to the Property.

9.1.1 The Well Land will be the location of a Well and may also be the location of the Tank, in which event there will not be separate Tank Land. The Well Land shall be sufficient in size to site the Wells (and the Tank, if located on the Well Land), to permit access and maneuvering by equipment operators who service the Wells (and the Tank, if located on the Well Land), and to lay 50-foot sections of pipe within the Well Land. The Tank may be located on the Well Land or separate from the Wells on the Tank Land. The Tank Land shall be sufficient in size to site the Tank and to permit access and maneuvering by equipment operators who service the Tank.

20084434

9.2 From and after the dedications described in Section 9. 1 above, all risk of loss and all cost of operation, maintenance, repair, and replacement for the Water System Improvements dedicated to the City shall be the responsibility of the City, and the City, at its own expense, shall maintain the appearance of the Wells, Tank, Well Land and Tank Land in a manner consistent with the style and quality of other structures and landscaping on the Property. Notwithstanding the foregoing, Developer shall warrant all Water System Improvements constructed by Developer and dedicated to the City pursuant to this Agreement for one (1) year after conveyance as required by the City's subdivision ordinances. Additionally, during such one-year warranty period, Developer shall warrant the quality of the water produced by the Wells shall continuously meet potable drinking water quality standards. Notwithstanding the foregoing, if failure of the Wells to continuously meet potable drinking water quality standards, which occurs during the warranty period, can be remedied by (a) making a physical alteration or addition to the Wells, for example, by installing a sleeve or deepening the well; or (b) by making an alteration or addition to other components of the Water System which were constructed by Developer; or (c) by drilling another well, then Developer shall pay the cost of all remedial actions necessary to achieve such potable drinking water standards; provided however, that if failure to meet potable drinking water standards cannot be remedied by any of these actions, then the Developer's warranty of water quality shall not apply. If the Developer requests and the City grants authority to rehabilitate an existing agricultural well in lieu of construction a new well as provided in Section 6.1.1, then the warranty period for the rehabilitated Well, including the quality of water produced by such Well, shall be five (5) years and not one (1) year.

9.2.1 Notwithstanding anything herein to the contrary, if the cost to design and construct the Water System Improvements was subject to credits and reimbursements

as provided in Section 8 above, then any costs incurred by Developer pursuant to its warranty of such improvements shall be subject to the same credits and reimbursements as provided in Section 9. The cost of remediation must be agreed upon between the City and the Developer.

9.2.2 Notwithstanding anything herein to the contrary, the warranty referenced in Section 9.2 above is given only to the City and not to any third party. In the event water from the Wells fails to continuously meet potable drinking quality standards during the warranty period, the City hereby irrevocably waives any right to bring an action against Developer for any health or other problems claimed by third parties. Nothing herein shall be interpreted as a waiver by the City to bring an action against the Developer pursuant to the warranty referenced in Section 9.2 above.

9.3 So long as Developer fulfills its warranty obligations as provided in Section 9.2, the City hereby represents, warrants and covenants to and with Developer that after establishing municipal water service to the Property, the City shall serve water to the Property sufficient in quality and quantity to satisfy all lawful demands for water for municipal use and fire suppression on the Property at full build-out, taking into account the uses of the Property described in the PAD Plan, even if the demands for water at the Property must be satisfied from sources other than the Wells. So long as Developer fulfills its warranty obligations as provided in Section 9.2, the City's obligation to satisfy all lawful demands for municipal water service on the Property is not conditioned on or contingent upon the continued operation or productivity or water quality of the Wells, but is subject to the limitations, if any, set by the laws of the State of Arizona. Notwithstanding the above, a temporary disruption in water service caused by the maintenance repair requirements and/or the operational necessities of the water system, by the City's need to respond to a legitimate threat to public health or safety, or by similar cause shall

not constitute a breach of this Agreement. Developer acknowledges that, due to the physical location of the Property not in proximity to existing water lines, disruptions that could occur in water service may be more severe in nature and duration than properties located near existing water lines.

10. Wastewater Treatment.

10.1 The City does not presently provide sanitary sewer service to the Property or other real properties in the vicinity of the Property. Until such time as the City provides sanitary sewer service to the Property, the City has agreed that the Property may be served by a temporary conventional wastewater treatment plant ("Temporary WWTP"). The Conceptual Sewer System Plan for the on-site sewer lines serving the Property is attached hereto as Exhibit G.

10.2 Temporary WWTP. Plans and specifications for a Temporary WWTP specifically designed to serve the Property have been submitted to the City separate from this Agreement. All plans and specifications for the Temporary WWTP serving the Property shall be approved by the City.

10.2.1 Developer, at its own expense and at its option, shall purchase or lease the Temporary WWTP. Developer or lessor of the WWTP (but not the City) shall be responsible for the permitting, design, operation, maintenance and repair of the Temporary WWTP until such time as the Property is served by the City's sanitary sewer system. The City shall assist the Developer in obtaining the Maricopa Association of Government's approval for the location of the Temporary WWTP on the Property, if such approval is necessary.

10.2.2 Developer shall pay the City's sewer system development fee applicable pursuant to Section 15, which does not and, as applied to the Developer, will not in

the future include any component related to sewer lines. Developer shall not be charged any sewer line extension fee to tie into the Temporary WWTP by the City because all sewer lines between the dwelling units and the Temporary WWTP will be constructed by Developer at Developer's own cost and expense, and in compliance with City standards.

10.3 When the City operates a municipal wastewater treatment plant with sufficient capacity to serve the Property at full build-out, and has extended sewer mains from such treatment plant to the Property, and is otherwise ready, willing and able to provide sanitary sewer service to the Property, then the Developer shall provide for the timely termination of use and closure of the Temporary WWTP pursuant to applicable State and Maricopa County regulations. The City shall tie the on-site sewer lines into the off-site sewer mains, whereafter the City shall provide municipal sewer service to the Property. The City hereby represents, warrants and covenants to and with the Developer that upon establishing municipal sewer service to the Property, the City shall provide sewer and wastewater treatment plant and line capacity for the Property in quantity and quality sufficient to serve the Property at full build-out and that upon establishing municipal sewer service to the Property the City shall provide such service and treatment capacity in time to serve the dwelling units within the Property as and when developed.

10.4 Notwithstanding anything in this Agreement to the contrary, Developer shall not be required to pay any sewer line extension fee, sewer tap fee, sewer connection fee, or any other fee related to the provision of sewer service, except as provided in Section 10.2.2 above.

10.5 Developer shall own all of the effluent generated by the Temporary WWTP. After municipal sewer service is established to the Property, the City shall own all of the effluent generated by the City's treatment of wastewater generated on the Property.

20030430

11. Review of Design and Construction Plans: Dedications.

11.1 The Water System Improvements and the sewer system improvements associated with the Temporary WWTP are referred to hereinafter collectively as the "Water and Sewer Improvements." The Developer and the City acknowledge and agree that each has an interest in the design and construction of the Water and Sewer Improvements. Whenever in this Agreement the Developer is responsible for the design and/or construction of the Water and Sewer Improvements, the City shall have the right to review and approve the plans and specifications therefor prior to the work being put to bid and, if there be any revisions to those plans and specifications after the work is put to bid, to review and approve changes to the revised plans and specifications prior to the award of the contract, and any significant change orders thereafter. In addition, whenever in this Agreement the Developer is responsible for the construction of the Water and Sewer Improvements, the City shall have the right and authority to inspect the ongoing construction in order to insure such construction is performed in accordance with the final approved plans and specifications therefor. The City's inspection of the completed improvements will include a videotape thereof at the Developer's expense. Any approval required from the City pursuant to this Section 11 shall not be unreasonably withheld or delayed.

11.2 Any construction contract for improvements to be funded or reimbursed with public funds shall be put to public bid by the Developer if required by Arizona law. The City agrees to assist in the public bid process, using City Staff without cost to the Developer. The Developer shall consult with its attorney to determine which contracts must be publicly bid, and shall comply with all applicable public bidding laws. The Developer shall be responsible for any disputes concerning public bidding issues, including whether public bidding is required for construction of particular improvements.

11.3 All design and construction plans used in the construction of the Water and Sewer System Improvements to be dedicated to the City shall be the property of the City upon dedication of such Water and Sewer System Improvements, and the City shall have the right to use such plans for similar water and sewer improvements elsewhere in the City with the express knowledge that the stamp, date and signature of the preparing engineer(s) shall be null and void and that no liability shall be attributed to either the preparing engineer(s) or the Developer. Notwithstanding the foregoing, the City agrees that Developer may use said plans for similar water improvements in other developments.

11.4 All dedications of infrastructure improvements to be made hereunder shall be made after the construction of the infrastructure improvement has been completed by the Developer and inspected and approved for acceptance by the City. Notwithstanding the foregoing, if requested by the Developer, a map of dedication showing the parcel boundaries and the location of collector roads on the Property will be processed by the City and, if approved by the City Council, recorded in the official records of Maricopa County before the collector roadways or other infrastructure improvements are constructed.

12. Easements, Rights-of-Way.

12.1 The Developer and its agents shall have the right to enter, remain upon and cross over any City easements or rights-of-way to the extent reasonably necessary to design and/or construct the Water and Sewer Improvements or other infrastructure, provided that the Developer's use of such right does not impede or adversely affect the City's use and enjoyment of the subject property; and provided that Developer shall obtain any permits and pay any fees required by the City's ordinances for the use of such rights; and provided also that the Developer shall restore such easements and rights-of-way to substantially the same condition as existed

20040409

prior to Developer's entry. The Developer acknowledges that portions of the infrastructure improvements located within the Jomax Road right-of-way will be on land that is in the unincorporated area of Maricopa County. The Developer shall be responsible for obtaining all applicable permits and paying all applicable fees for the construction of such improvements; the City will assist the Developer in working with Maricopa County.

12.2 The Developer shall dedicate to the City, to the extent not previously provided in any recorded plat, such easements, rights-of-way and licenses necessary to install and maintain the Water and Sewer Improvements along that portion of Dynamite Road, 179th Avenue, Jomax Road, 171st Avenue, and 163rd Avenue adjacent to the Property.

13. Infrastructure Assurance, Special Districts.

13.1 The parties acknowledge and agree that the City, prior to recording the final plat for the Property or any portion thereof, may require the Developer or homebuilder to provide assurances which are appropriate and necessary to assure that the installation of required street, sewer, electric and water utilities, drainage, flood control, and other similar infrastructure improvements will be completed ("Infrastructure Assurance"). In satisfaction of such Infrastructure Assurance, the City shall hold certificates of occupancy or equivalent building approval for the Property or any portion thereof to be improved until such infrastructure improvements are completed as provided in the City's subdivision ordinances. Notwithstanding the foregoing, the City will issue "at risk" building permits for the model sites prior to completion of the infrastructure improvements to be constructed by Developer hereunder.

13.2 The City and Developer acknowledge and agree that if requested by the Developer or by a petition of property owners, the City, subject to applicable law, will consider the use of and not unreasonably deny the request to form an improvement district(s) or

community facilities district(s) to assist the Developer and/or property owners in providing for uses allowed by said special districts or community facilities districts.

14. PAD Plan.

14.1 The City, in recognition of the valuable considerations being provided by Developer pursuant to this Agreement and the financial investment of the Developer in developing the Property, hereby agrees that the Developer shall have a vested right to develop the Property in accordance with this Agreement and the approved PAD Plan. The Property may be developed in phases and the Developer shall make the determination of the phases in which the Property will be developed and the order in which the phases will be completed.

14.2 The Developer shall organize and form a homeowners association for the Property ("Association") and provide mandatory membership in the Association for all homeowners (but not commercial owners or the local school district) of the Property. The Association shall be responsible for the landscaping and maintenance of all common areas (including facilities constructed thereon) and all landscaped open areas and landscaped medians within the Property shall be dedicated to the Association, whereafter they will be maintained by the Association.

14.3 The cross-sections for collector, arterial and residential roads for the Property shall be as provided in Exhibit H attached hereto.

14.4 The Developer shall be responsible only for utilities required in this Agreement and half-street improvements along the southern half of Jomax Road adjacent to the Baer Property and between the Baer Property, the Lancer Property; and along the northern half of Jomax Road adjacent to the Lancer Property. The Developer acknowledges that the City and Maricopa County may enter into an Intergovernmental Agreement, or that the City, the

Developer, and Maricopa County may enter into a three-party agreement that will govern the construction of infrastructure improvements within the Jomax Road right-of-way located in the unincorporated area of Maricopa County.

14.5 Street lights for the Property shall be maintained by a Street Light Improvement District ("SLID"). A single SLID may be formed for the entire Property or a separate SLID may be formed for each development phase of the Property, at the election of the Developer. The street light poles and street lights will be installed by the Developer or builder(s), at their own expense. Until such time as the SLID generates sufficient tax revenues from real properties included within the SLID to cover all costs required by the SLID, the Developer or builder/developer of a parcel, as applicable, shall pay any shortfall in such tax revenues.

14.6 The Lancer Property, representing approximately two-thirds of the Property, is located within the Nadaburg School District. The Baer Property, representing approximately one-third of the Property, is located within the Dysart School District. The PAD Plan designates a parcel in the Lancer Property as reserved for a public elementary school ("School Site"). Developer has disclosed to the City that Developer intends to donate the School Site to the Nadaburg School District, which intends to construct and open a public elementary school (kindergarten through eighth grade) on the School Site within three (3) years after full execution of this Agreement, subject to a mutually-acceptable agreement between the Developer and the Nadaburg School District. Developer has further disclosed to the City that the Nadaburg School District has adopted an open enrollment policy that will permit children residing on the Baer Property to attend elementary school in the Nadaburg District. Given the planned contribution of the School Site to the Nadaburg School District, and the planned open enrollment

policy of the Nadaburg School District, Developer has further disclosed to the City that it does not intend to make any contribution of land or cash or other property to the Dysart School District. The City agrees that it will not require or request any voluntary payment, donation or other transfer of property to the Dysart School District as a condition of hearing or approving this Agreement, the PAD Plan, or any subdivision plat or zoning or other approval affecting development of the Property.

14.7 The City and the Developer acknowledge and agree that amendments to the PAD Plan and/or this Agreement may be necessary from time to time to reflect changes in market conditions and development financing and/or to meet the new requirements of one or more of the potential users or builders of any part of the Property. If and when the City and Developer find that changes or adjustments are necessary or appropriate, they shall effectuate minor changes or adjustments through administrative amendments approved by the City Planning and Zoning Director with the approval of the City Manager, which, after execution, shall be attached to the PAD Plan or this Agreement, as applicable, as an addendum and become a part thereof, and may be further changed and amended from time to time as necessary with the approval of the City and the Developer. No such minor amendment shall require prior notice or hearing. All major changes or amendments shall be reviewed by the Planning and Zoning Commission and approved by the City Council. The parties shall cooperate in good faith to agree upon, and use reasonable best efforts to process, any minor or major amendments to the PAD Plan or this Agreement. The Developer and the City agree that any amendment to the PAD Plan shall be incorporated by this reference into this Agreement with the same force and effect as if set forth herein and shall not require corresponding amendment to this Agreement.

20040404

14.8 The PAD Plan will indicate the densities and appropriate number of units located within each parcel of the Property. So long as the maximum number of single-family residential units and multi-family residential units stated above is not exceeded, the Developer may apply to the City for the transfer of units and densities for a parcel or portion thereof to another parcel or portion thereof. If the transfer of units does not exceed five percent of the total development units allowed for single-family residential units or multi-family residential units, as applicable, for any parcel, the transfer shall be considered a minor amendment to the PAD Plan that may be approved or disapproved by Staff. If the transfer of units exceed five percent of the total development units allowed for a parcel, the application for transfer shall be considered by the Planning and Zoning Commission and City Council and the Planning and Zoning Commission and City Council shall consider such applications as an amendment to this Agreement and not as a rezoning of the parcel.

14.9 The City agrees that no City moratorium (except as permitted by A.R.S. § 9-463.06) and no City ordinance, resolution or other land use rule or regulation enacted in the future that imposes a limitation on the conditioning, rate, timing or sequencing of the development of the Property that materially impairs the Developer's ability to develop the Property in accordance with the PAD Plan or this Agreement shall apply to or govern the development of the Property, or any portion thereof, whether affecting parcel or subdivision maps, building permits, occupancy permits or other entitlements to be issued or granted by the City, for a period of fifteen (15) years from the date this Agreement is recorded in the official records of Maricopa County; provided, however, that if the Developer hereunder has not commenced construction of the Water and Sewer within seven (7) years after the date this Agreement is recorded in the official records of Maricopa County, then the Council may (but

shall not be obligated to) commence hearings as permitted by A.R.S. § 9.462.01 (E), as amended from time to time, to rezone the Property to such zoning as existed prior to Council approval of the PAD Plan.

14.10 Developer agrees that the City may withhold certificates of occupancy for structures constructed on the Property if, after sixty percent (60%) of the development on the Property has occurred, construction of Jomax Road has not been completed from its current terminus approximately two miles east of 163rd Avenue to the Loop 303, or other paved secondary access has not been constructed to the Property.

15. Development Fees.

15.1 For a period of three (3) years from the date that the first permit is pulled for grading or other physical activity on the Property, Developer shall pay only those development, impact, or other infrastructure fees, however denominated (collectively, "Development Fees") that are in effect at the time such first permit is pulled. Thereafter, and subject to the terms of this Agreement, Developer shall pay the then-current Development Fees in effect at the time any particular building permit is issued by the City for a structure to be developed on the Property.

15.2 The City acknowledges and agrees that if Developer provides for or pays for certain dedicated public sites or infrastructure improvements, including without limitation, land dedicated for public school purposes, then Developer shall receive a credit/offset to be applied in lieu of existing or future development fees payable by Developer which relate to or otherwise address the particular type or category of public site or infrastructure improvement provided or paid for by Developer (whether such public site or infrastructure improvement was provided or paid for prior to or subsequent to the imposition of such development fee). This

Section does not apply to the temporary wastewater treatment plant, nor to public sites or infrastructure improvements that are not of the type contemplated by the existing or future development fees. By way of example, if the City's transportation development fee is not assessed for the purpose of constructing local streets, then the Developer would not be entitled to a development fee credit for local street right-of-way improvements or right-of-way.

16. Cooperation and Alternative Dispute Resolution.

16.1 To further the cooperation of the parties in implementing this Agreement, the City and Developer each shall designate and appoint a representative to act as a liaison between the City and its various departments and the Developer. The initial representative for the City (the "City Representative") shall be the City Manager and the initial representative for the Developer shall be its project manager, as identified by the Developer from time to time (the "Developer Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement and the development of the Property.

16.2 The City acknowledges and agrees that it is desirable for the Developer to proceed rapidly with the implementation of this Agreement and the development of the Property and that, accordingly, an expedited plan review and construction inspection process is necessary. The parties agree that if at any time the Developer believes an impasse has been reached with the City staff on any issue affecting the Property, the Developer shall have the right to immediately appeal to the City Manager for an expedited decision pursuant to this Section. If the issue on which an impasse is reached is an issue where a final decision can be reached by the City staff, the City Manager shall give the Developer a final decision within 15 days after the Developer's request for an expedited decision. If the issue on which an impasse has been reached is one

where a final decision requires action by the City Council, the City Manager shall schedule a City Council hearing on the issue within 30 days after Developer's request for an expedited decision; provided, however, that if the issue is appropriate for review by the City's Planning and Zoning Commission, the matter shall be submitted to the Commission first, and then to the City Council. Both the City and Developer agree to continue to use reasonable good faith efforts to resolve any impasse pending any such expedited decision. If the City does not have sufficient personnel to implement the expedited plan review and construction inspection process, Developer may elect to pay the cost incurred by the City for private independent consultants and advisors that may be retained by the City to implement the expedited plan review or construction inspection process. Such consultants shall take instruction from, be controlled by and be responsible to the City, and not the Developer.

17. Regulation of Development.

17.1 The City and Developer acknowledge and agree that the rules, regulations, and policies of the City ("Rules") applicable to and governing the development of this Property shall be those Rules that are in existence and in force for the City as of the date of Council approval of this Agreement, which include the City's Residential Design Guidelines. The City shall not impose or enact any Rules applicable to or governing the development of this Property except as follows:

(a) Future land use Rules that are consistent with and not contrary to the zoning and land use regulations set forth in an approved PAD Plan consistent with the Master Plan and that are consistent with the vesting of the zoning as provided herein; or

(b) Future land use Rules enacted as necessary to comply with state and federal laws and regulations, provided that in the event that the rules or regulations prevent or

preclude compliance with this Agreement, such provisions of this Agreement shall be modified as necessary in order to comply with the new laws or regulations; or

(c) Except as provided in Section 15 above, new or additional development or impact fees, so long as such fees are imposed in a non-discriminatory manner and are adopted pursuant to state law.

17.2 The City hereby agrees that it shall use its best efforts to take all actions legally available to it to include the Property within any growth boundary, urban boundary, urban service boundary or other similar land use or regulatory device that may be established by the City or local or state law, referendum or initiative in the future (collectively, "Growth Boundary"). The City also shall use its best efforts to support the defense of the Property's inclusion in any Growth Boundary and shall not institute any action challenging or giving any affirmative defense against the Property's inclusion in any such Growth Boundary. Except as required by law, the City shall not take any affirmative action or position that would have the effect of subjecting the timing or the development of the Property to procedures and limitations that may be a part of any Growth Boundary.

18. Default. Failure or unreasonable delay by the Developer or City to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement and, if the breach is not cured within 30 days after written notice thereof from the other party (the "Cure Period"), shall constitute a default under this Agreement; provided, however, that if the failure is such that more than 30 days would reasonably be required to perform such action or comply with any term or provision hereof, then the party shall have such additional time as may be necessary to perform or comply so long as the party commences performance or compliance within said 30 day period and diligently proceeds to complete such

performance or fulfill such obligation. Any notice of a breach shall specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. In the event a breach is not cured within the Cure Period, the non-defaulting party shall have all rights and remedies which may be available under law or equity, including without limitation the right to specifically enforce any term or provision of this Agreement and/or the right to institute an action for damages.

19. Mediation; Arbitration. Any dispute, claim or cause of action arising out of or relating to this Agreement may be settled by either party submitting the matter to mediation or either party submitting the matter to binding arbitration in accordance with the rules of the American Arbitration Association and the Arizona Uniform Arbitration Act, A.R.S. §12-1501, *et seq.* The judgment rendered by the arbitrator(s) shall be final, conclusive and binding upon the parties and may be entered in any court of competent jurisdiction. Notwithstanding any other provision of this Agreement, however, a dispute concerning an action, decision or omission of the City Council shall not be submitted to mediation or arbitration, but instead shall be resolved through a civil action filed in a court of competent jurisdiction.

20. Notices and Filings. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered or served if in writing and delivered personally or sent by certified United States Mail, postage pre-paid, return receipt requested if to:

The City: City of Surprise
12425 W. Bell Road
Surprise, AZ 85374
Attn: City Manager

With copy to: City of Surprise
12425 W. Bell Road
Surprise, AZ 85374
Attn: City Attorney

The Developer: CML, Inc., c/o Cliff Leatherwood
6817 W. Evans Drive
Peoria, AZ 85381

With a copy to: Gallagher & Kennedy
2575 E. Camelback Road
Phoenix, AZ 85016
Attn: Dana Stagg Belknap

Or to such other address or addresses as may hereafter be specified by notice given by any of the above for itself to the others. Any notice or other communication directed to a party to this Agreement shall become effective upon the earliest of the following: (a) actual receipt by that party; (b) delivery to the address of the party, addressed to the party; or (c) if given by certified or registered U.S. Mail, return receipt requested, 72 hours after deposit with the United States Postal Service, addressed to the party

21. General Provisions.

21.1 Good Standing; Authority. Each of the parties represents and warrants to the other (a) that it is duly formed and validly existing under the laws of Arizona; and (b) that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each such individual is signing.

21.2 Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than 10 days after its full execution.

21.3 Future Effect. The provisions of this Agreement are binding upon and shall inure to the benefit of the parties, and all of their successors in interest and assigns; provided, however, that Lancer, Baer, and the Developer each may assign their respective rights and obligations hereunder, in whole or in part, to a person or entity that has acquired title to the Property or a portion thereof, but only by a written instrument recorded in the Official Records of Maricopa County, Arizona, expressly assigning such rights and obligations. Notwithstanding

20080404

the foregoing, Developer may assign all or part of its rights and obligations under this Agreement to a homeowner's association to be established by the Developer or to any financial lender from which Developer has borrowed funds for use in developing the Property. Additionally, the Developer may assign its rights and duties under this Agreement to a wholly-owned subsidiary of, or to an affiliated entity owned or controlled by Clifford M. Leatherwood. In the event of a complete assignment, the assigning party shall be relieved of any further liability under this Agreement.

21.4 Term. This Agreement shall be effective on the date of execution by both parties hereto and shall automatically terminate fifteen (15) years after the date this Agreement is recorded in the official records of Maricopa County, provided, however, the City shall not discontinue municipal services to the Property, once commenced, except as permitted by applicable law.

21.5 Termination Upon Sale of Public Lots. Except as otherwise provided herein, the City and Developer hereby acknowledge and agree that this Agreement is not intended to and shall not create conditions or exceptions to title or covenants running with the Property when sold to the end purchaser or user. Therefore, in order to alleviate any concern as to the effect of this Agreement on the status of title to any of the Property, so long as not prohibited by law, this Agreement shall terminate without the execution or recordation of any further document or instrument as to any lot (a "Public Lot") which has been finally subdivided and individually (and not in "bulk") leased (for a period of longer than one year) or sold to the end purchaser or user thereof, and thereupon such Public Lot shall be released from and no longer shall be subject to or burdened by the provisions of this Agreement. This Section shall

not apply to Sections 14.1, 14.6, 15, and 17, and such Sections shall terminate as to a Public Lot only when construction of the permitted structures on the Public Lot are complete.

21.6 No Partnership; Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other agreement between the Developer and the City. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person or entity not a party hereto, and no such other person or entity shall have any right or cause of action hereunder.

21.7 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or the Developer of the breach of any covenant or condition of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

21.8 Severability. If any provision of this Agreement is declared void or unenforceable by a court of competent jurisdiction, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect if the remaining provisions permit the parties to achieve the practical benefits of the arrangements contemplated by the Agreement. Otherwise, either party may terminate this Agreement; provided, however, that under no circumstance shall the City discontinue municipal water service or sewer service to the Property, once commenced, except as permitted by applicable law. If any applicable law or court of competent jurisdiction prohibits or excuses the City or Developer, as applicable, from undertaking any contractual commitment to perform any act hereunder, this Agreement shall remain in full force and effect, but the provisions requiring such action shall be deemed to permit

the City or Developer, as applicable, to take such action at its discretion, if such a construction is permitted by law.

21.9 Further Documentation. Each party agrees in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

21.10 Fair Interpretation. All parties have been represented by counsel in the negotiation and drafting of this Agreement, and this Agreement shall be construed according to the fair meaning of its language. The rule of construction that ambiguities shall be resolved against the party who drafted a provision shall not be employed in interpreting this Agreement.

21.11 Heading; Counterparts. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

21.12 Computation of Time. In computing any period of time under this Agreement the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so completed shall be included unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. (Phoenix time) on the last day of the applicable time period provided herein.

21.13 Amendment. No change or addition is to be made to this Agreement except by a written amendment executed by the parties hereto. Within 10 days after any

amendment to this Agreement, such amendment shall be recorded in the Official Records of Maricopa County.

21.14 Governing Law. This Agreement shall be interpreted and governed according to laws of the State of Arizona. The venue for any dispute hereunder shall be Maricopa County, Arizona, and the parties hereby irrevocably waive any right to object to such venue.

21.15 No Developer Representations. Nothing contained herein or in the PAD Plan shall be deemed to obligate the Owners or the Developer to commence or complete any part or all of the development of the Property or any planning in connection with such development (including infrastructure expenditures); provided, however, that any development of the Property undertaken by Developer shall be done in accordance with this Agreement and the PAD Plan, as each may be amended from time to time.

21.16 Withdrawal of Annexation Petition. In the event the City does not annex the Property into the City as provided herein, Lancer may elect, in its sole discretion, to withdraw any petition for annexation that may be pending.

21.17 Entire Agreement. This Agreement together with all Exhibits attached hereto (which are incorporated herein by this reference), constitutes the entire agreement between the parties pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are superseded by and merged in this Agreement.

21.18 Time is of the essence of this Agreement and with respect to the performance required by each party hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date(s)
written below.

CITY:

CITY OF SURPRISE,
an Arizona municipal corporation

By: Joan H. Shafer
Joan Shafer, Mayor

Date: 10-12-00

Approved as to Form:

By: George (Ted) Muncial
Paul H. Cragan
City Attorney

Date: October 3, 2000

Attested by:

Sherry Ann Aguilar
Sherry Ann Aguilar
City Clerk

2000061334
481400002

OWNERS:

LANCER PROPERTY:

The Lancer Company Limited Partnership,
an Arizona limited partnership

By: _____

Preston J. Steenhoek
Preston J. Steenhoek,
General Partner

Date: _____

9/26/2000

Consented to by Chicago Title Insurance Company, a Missouri corporation, as Trustee of Trust No. 20,028, of which The Lancer Company Limited Partnership is the beneficiary.

By: _____

David Fyke
Its: Trust Officer

BAER PROPERTY:

Arthur Baer

Date: _____

DEVELOPER:

CML, Inc., an Arizona corporation

By: _____

Clifford M. Leatherwood, President

LANCER PROPERTY:

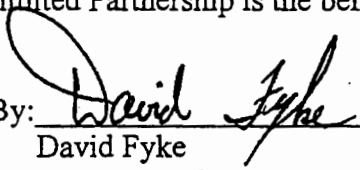
OWNERS:

The Lancer Company Limited Partnership,
an Arizona limited partnership

By: _____
Preston J. Steenhoek,
General Partner

Date: _____

Consented to by Chicago Title Insurance Company, a Missouri corporation, as Trustee of Trust No. 20,028, of which The Lancer Company Limited Partnership is the beneficiary.

By:  _____
David Fyke
Its: Trust Officer

BAER PROPERTY:

Arthur Baer

Date: _____

DEVELOPER:

CML, Inc., an Arizona corporation

By: _____
Clifford M. Leatherwood, President

2000044304

LANCER PROPERTY:

OWNERS:

The Lancer Company Limited Partnership,
an Arizona limited partnership

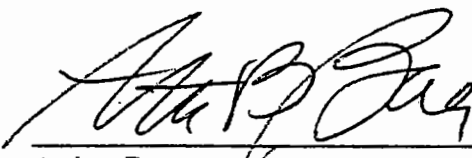
By: _____
Preston J. Steenhoek,
General Partner

Date: _____

Consented to by Chicago Title Insurance Company, a Missouri corporation, as Trustee of Trust No. 20,028, of which The Lancer Company Limited Partnership is the beneficiary.

By: _____
David Fyke
Its: Trust Officer

BAER PROPERTY:



Arthur Baer
Date: 9/30/00

DEVELOPER:

CML, Inc., an Arizona corporation

By: _____
Clifford M. Leatherwood, President

200004434
6648007

OWNERS:

LANCER PROPERTY:

The Lancer Company Limited Partnership,
an Arizona limited partnership

By: _____
Preston J. Steenhoek,
General Partner

Date: _____

Consented to by Chicago Title Insurance Company, a Missouri corporation, as Trustee of Trust No. 20,028, of which The Lancer Company Limited Partnership is the beneficiary.

By: _____
David Fyke
Its: Trust Officer


BAER PROPERTY:

Arthur Baer

Date: _____

DEVELOPER:

CML, Inc., an Arizona corporation

By:  _____
Clifford M. Leatherwood, President

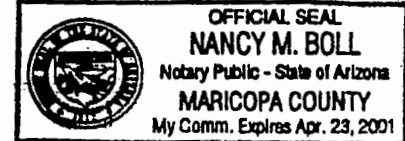
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 26th day of 2000, by Preston J. Steenhoek, who acknowledged himself to be the General Partner of The Lancer Company Limited Partnership, an Arizona limited partnership, for and on behalf of the company.

Nancy M. Boll
Notary Public

My Commission Expires:

4-23-01



STATE OF ARIZONA)
) ss.
County of _____)

On this ____ day of 2000, personally appeared before me David Fyke, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged that he executed the foregoing instrument for the purposes therein contained.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of _____)

On this ____ day of 2000, personally appeared before me Arthur B. Baer, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged that he executed the foregoing instrument for the purposes therein contained.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of _____)

200044394

2000844394

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of 2000, by Preston J. Steenhoek, who acknowledged himself to be the General Partner of The Lancer Company Limited Partnership, an Arizona limited partnership, for and on behalf of the company.

Notary Public

My Commission Expires:

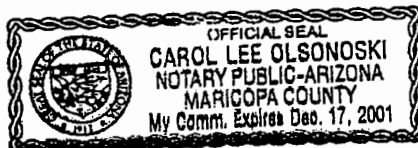
STATE OF ARIZONA)
) ss.
County of Maricopa)

On this ____ day of 2000, personally appeared before me David Fyke, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged that he executed the foregoing instrument for the purposes therein contained.

David Fyke
Notary Public

My Commission Expires:

12/17/2001



STATE OF ARIZONA)
) ss.
County of _____)

On this ____ day of 2000, personally appeared before me Arthur B. Baer, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged that he executed the foregoing instrument for the purposes therein contained.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of _____)

200844394
66448002

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ___ day of 2000, by Preston J. Steenhoek, who acknowledged himself to be the General Partner of The Lancer Company Limited Partnership, an Arizona limited partnership, for and on behalf of the company.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of _____)

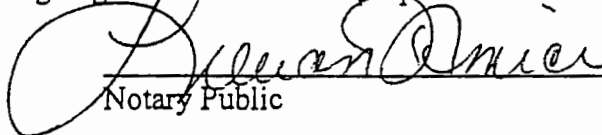
On this ___ day of 2000, personally appeared before me David Fyke, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged that he executed the foregoing instrument for the purposes therein contained.

Notary Public

My Commission Expires:

CONNECTICUT
STATE OF ~~ARIZONA~~)
) ss. Guilford
County of NEW HAVEN)

On this 30th ^{September} day of 2000, personally appeared before me Arthur B. Baer, who is known to me to be the person whose name is above subscribed, and after being first duly sworn, acknowledged that he executed the foregoing instrument for the purposes therein contained.



Notary Public

My Commission Expires:

5/31/04

CONNECTICUT
STATE OF ~~ARIZONA~~)
) ss. Guilford
County of New Haven)

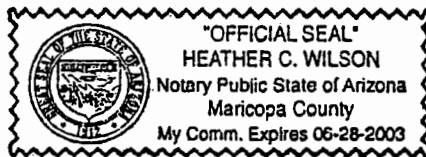
The foregoing instrument was acknowledged before me this 2 day of 2000, by Clifford M. Leatherwood, who acknowledged himself to be the President of CML Inc., an Arizona corporation, for and on behalf of the company.

Heather C. Wilson

Notary Public

My Commission Expires:

6-28-2003



836448/12327-0002

LIST OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	The Lancer Property
B	The Baer Property
C	Master Plan
D	Conceptual Water System Plan
E	Well Improvements
F	Estimated Cost of Water System Improvements
G	Conceptual Sewer System Plan
H	Roadway Cross-Sections

EXHIBIT A

The Lancer Property

PARCEL NO. 1:

ALL OF SECTION 35, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT BEGINNING 3273.5 FEET SOUTH OF THE NORTHWEST CORNER OF SAID SECTION 35;

THENCE IN A SOUTHEASTERLY DIRECTION IN A STRAIGHT LINE ACROSS SAID SECTION 35 TO A POINT ON THE SOUTH LINE OF SAID SECTION 35, SAID POINT BEING 1866.75 EAST OF THE SOUTHWEST CORNER OF SAID SECTION 35;

THENCE WEST ALONG THE SOUTH LINE OF SAID SECTION 35 TO THE SOUTHWEST CORNER THEREOF;

THENCE NORTH ALONG THE WEST LINE OF SAID SECTION 35 TO THE POINT OF BEGINNING;

EXCEPT ALL COAL AND OTHER MINERALS AS RESERVED TO THE UNITED STATES OF AMERICA IN PATENT TO SAID LAND.

PARCEL NO. 2:

THAT PART OF SECTION 26, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 35, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

THENCE WEST ALONG THE NORTH LINE OF SAID SECTION 35, A DISTANCE OF 1200 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH, A DISTANCE OF 208 FEET TO A POINT;

THENCE WEST, A DISTANCE OF 208 FEET TO A POINT;

THENCE SOUTH, A DISTANCE OF 208 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 35;

THENCE EAST ALONG SAID NORTH LINE, A DISTANCE OF 208 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT ALL COAL AND OTHER MINERALS AS RESERVED TO THE UNITED STATES OF AMERICA IN PATENT TO SAID LAND.

PARCEL NO. 3:

THAT PART OF SECTION 26, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 25;

THENCE EAST, ALONG THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 206 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH, PERPENDICULAR TO THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 465 FEET;

THENCE EAST, PARALLEL TO THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 126 FEET;

THENCE SOUTH, PERPENDICULAR TO THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 465 FEET TO THE SOUTH LINE OF SAID SECTION 26;

THENCE WEST, ALONG THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 126 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT ALL COAL AND OTHER MINERALS AS RESERVED TO THE UNITED STATES OF AMERICA IN PATENT TO SAID LAND.

PARCEL NO. 4:

THAT PART OF SECTION 26, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 26;

THENCE EAST, ALONG THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 2527 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH, PERPENDICULAR TO THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 450 FEET;

THENCE EAST, PARALLEL TO THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 117 FEET;

THENCE SOUTH, PERPENDICULAR TO THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 450 FEET TO THE SOUTH LINE OF SAID SECTION 26;

THENCE WEST, ALONG THE SOUTH LINE OF SAID SECTION 26, A DISTANCE OF 117 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT ALL COAL AND OTHER MINERALS AS RESERVED TO THE UNITED STATES OF AMERICA IN PATENT TO SAID LAND.

20000844394

EXHIBIT B

The Baer Property

LEGAL DESCRIPTION : BAZR Property

PARCEL NO. 1:

That portion of the Southeast quarter of Section 1, Township 4 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Southeast corner of said Section 1, said point being the TRUE POINT OF BEGINNING;

thence North 00 degrees 05 minutes 34 seconds East (Record North) along the East line of said Section 1, a distance of 1620.00 feet to a point;

thence North 89 degrees 36 minutes 49 seconds West, a distance of 1763.49 feet, (North 89 degrees 42 minutes 30 seconds West a distance of 1763.63 feet record), parallel with the South line of said Section 1, to a point, said point being on a diagonal line extended from the Southeast corner of said Section 1 to the Northwest corner of said Section 1;

thence South 47 degrees 10 minutes 35 seconds East along said diagonal line, a distance of 2400.74 feet, (South 47 degrees 16 minutes 26 seconds East a distance of 2400.76 feet record), to the TRUE POINT OF BEGINNING;

EXCEPT all coal and other minerals as reserved in Patent from the United States of America.

PARCEL NO. 2:

That part of Section 1, Township 4 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the northeast corner of said Section 1;

Thence Westerly along the North line of said Section 1 to the Northwest corner thereof;

Thence Southeasterly to the Southeast corner of said Section 1;

Thence Northerly along the East line of said Section 1 to the POINT OF BEGINNING;

EXCEPTING THEREFROM that part of said Section 1, Township 4 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Southeast corner of said Section 1, said point being the TRUE POINT OF BEGINNING;

thence North 00 degrees 05 minutes 34 seconds East (Record North) along the East line of said Section 1, a distance of 1620.00 feet to a point;

thence North 89 degrees 36 minutes 49 seconds West, a distance of 1763.49 feet, (North 89 degrees 42 minutes 30 seconds West a distance of 1763.63 feet record), parallel with the South line of said Section 1, to a point, said point being on a diagonal line extended from the Southeast corner of said Section 1 to the Northwest corner of said Section 1;

thence South 47 degrees 10 minutes 35 seconds East along said diagonal line, a distance of 2400.74 feet (South 47 degrees 16 minutes 26 seconds East a distance of 2400.76 feet record), to the TRUE POINT OF BEGINNING;

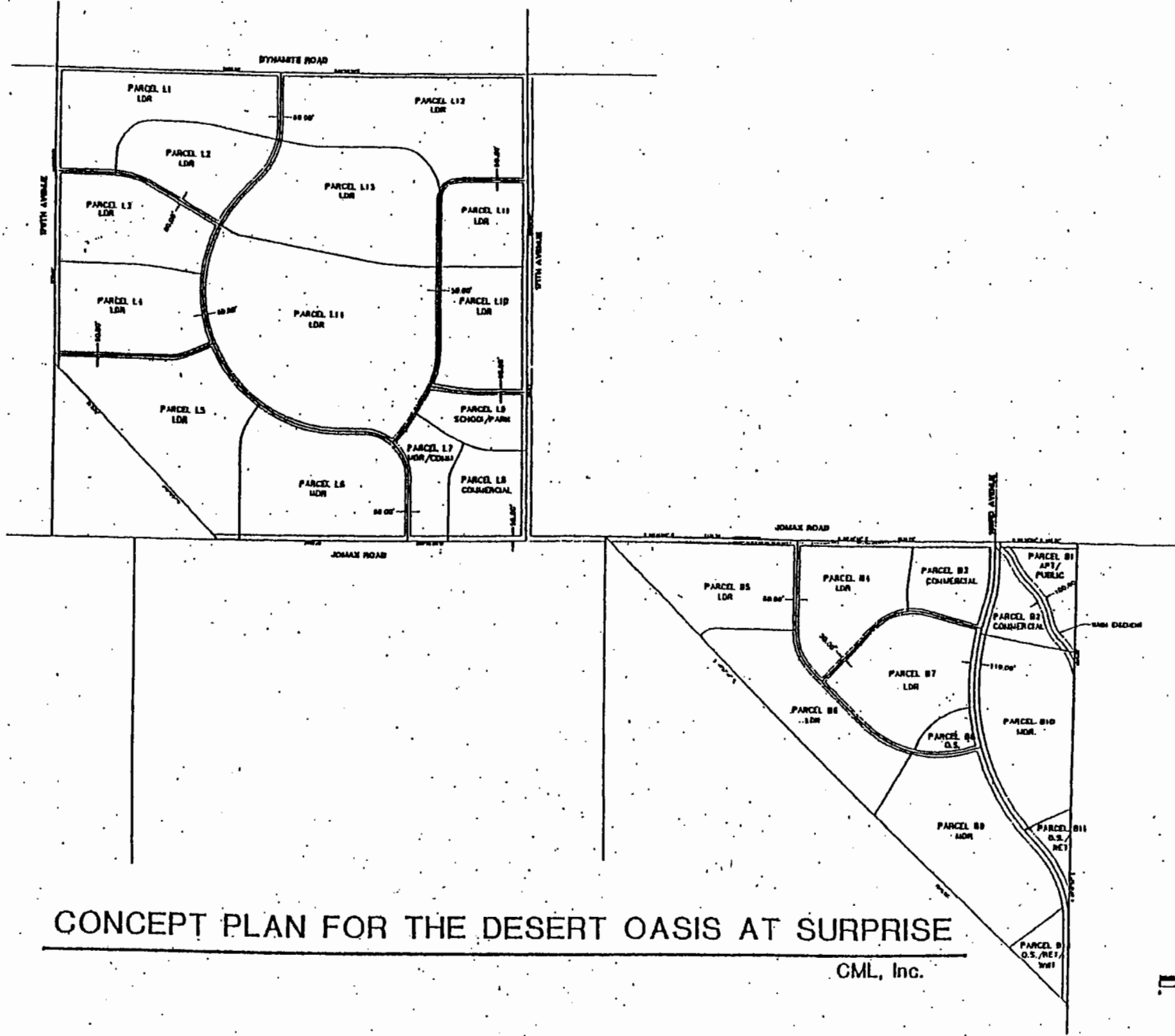
AND FURTHER EXCEPTING THEREFROM all coal and other minerals as reserved in Patent to said land.

(Record Bearings and Distances shown above are taken from Instrument recorded January 20, 1986 as Document 86-027816.)

2000044334

EXHIBIT C

Master Plan



Desert Oasis @ Surprise Land Use Table

Lancer Section				Baer Section			
Parcel Number	DUA	Acres	Units	Parcel Number	DUA	Acres	Units
Parcel L1	2.75	44.7	124	Parcel B1	18.0	11.5	180/NA
Parcel L2	3.3	30.31	100	Parcel B2	-	10.0	-
Parcel L3	3.3	36.20	120	Parcel B3	-	16.0	-
Parcel L4	3.8	38.37	146	Parcel B4	4.3	35	156
Parcel L5	4.3	55.91	241	Parcel B5	3.8	37	140
Parcel L6	6.0	52.65	316	Parcel B6	3.8	38	144
Parcel L7	6.0	17.0	90/na	Parcel B7	4.3	41	177
Parcel L8	-	18.0	-	Parcel B8	-	6.0	-
Parcel L9	-	15.0	-	Parcel B9	6.0	55.0	330
Parcel L10	3.8	25.23	96	Parcel B10	6.0	45.0	270
Parcel L11	3.3	21.73	72	Parcel B11	-	4.00	-
Parcel L12	2.75	60.00	165	Parcel B12	-	8.1	-
Parcel L13	3.3	57.45	190				
Parcel L14	3.8	104.27	396				
Land Use Totals	Density			Acres		Units	
PAD Gross	3.88 du/ gross PAD (4.08 du/net commercial)			890.68PAD gross acres (846.68 ac. net commercial)		3,453 units	

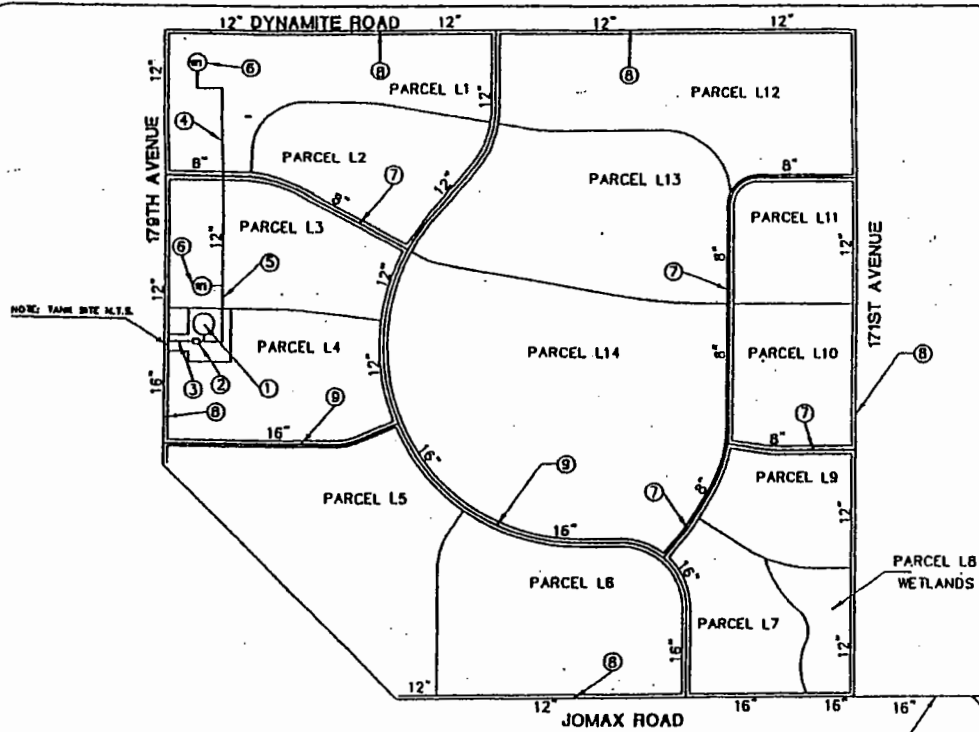
C:\My Documents\171jmx\PAD Documents\Land use Table 91100 DevAgmnt.doc

45644800007

EXHIBIT D

Conceptual Water System Plan

200000473



WELL IMPROVEMENTS

- ① 1 TWO' MILLION GALLON WATER STORAGE TANK
- ② BOOSTER STATION
- ③ 425 LF 16" PUMP STATION PIPING
- ④ 1000 LF 12" WELL TO TANK CONNECTING LINE
- ⑤ 986 LF 16" WELL TO TANK CONNECTING LINE
- ⑥ DOMESTIC WATER WELL

ON SITE WATER IMPROVEMENTS

- ⑦ 10,979 LF 8" WATER TRANSMISSION LINE
- ⑧ 21,558 LF 12" WATER TRANSMISSION LINE
- ⑨ 19,447 LF 16" WATER TRANSMISSION LINE

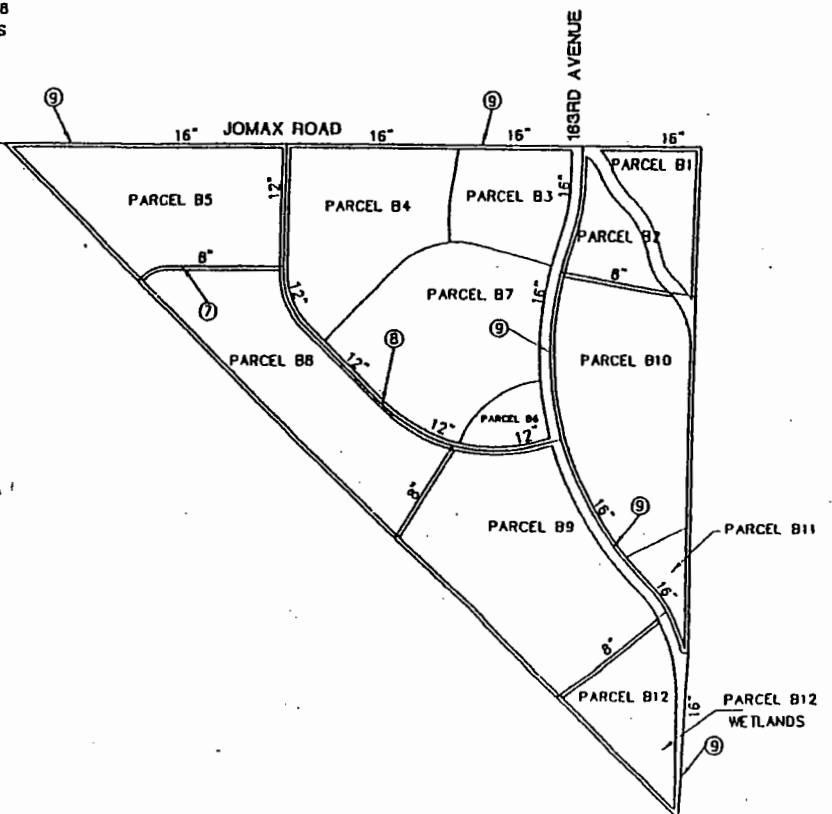
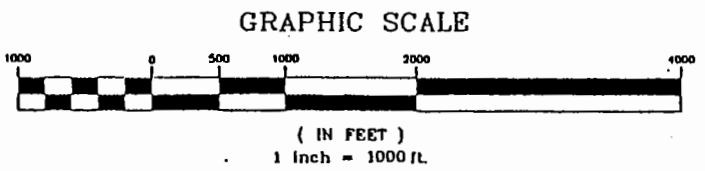


EXHIBIT E

Well Improvements

WELL IMPROVEMENTS

	QUANTITY	UNIT COST	COST
1. 2 Million Gallon Storage Tank	1 EA	\$2,000,000	\$2,000,000
2. 12" Water Transmission Main	2009 LF	\$30	\$60,270
3. 16" Tank Yard Piping	545 LF	\$37	\$20,165
4. Domestic Water Wells	3 EA	\$200,000	\$600,000
5. Booster Station	1 EA	\$150,000	\$150,000
6. 12" Valves	6 EA	\$1200	\$7200
7. 16" Valves	4 EA	\$2000	\$8000
SUB-TOTAL			\$2,845,635

EXHIBIT F

Estimated Cost of Water System Improvements

**CONCEPTUAL COST ESTIMATE
FOR
THE HORIZONS @ SURPRISE**

May 21, 1999

WELL IMPROVEMENTS

	QUANTITY		UNIT COST	COST
1. 2 Million Gallon Storage Tank	1	EA	\$2,000,000	\$2,000,000
2. 12" Water Transmission Main	2009	LF	\$30	\$60,270
3. 16" Tank Yard Piping	545	LF	\$37	\$20,165
4. Domestic Water Wells	3	EA	\$200,000	\$600,000
5. Booster Station	1	EA	\$150,000	\$150,000
6. 12" Valves	6	EA	\$1200	\$7200
7. 16" Valves	4	EA	\$2000	\$8000
SUB-TOTAL				\$2,845,635

ON SITE WATER IMPROVEMENTS

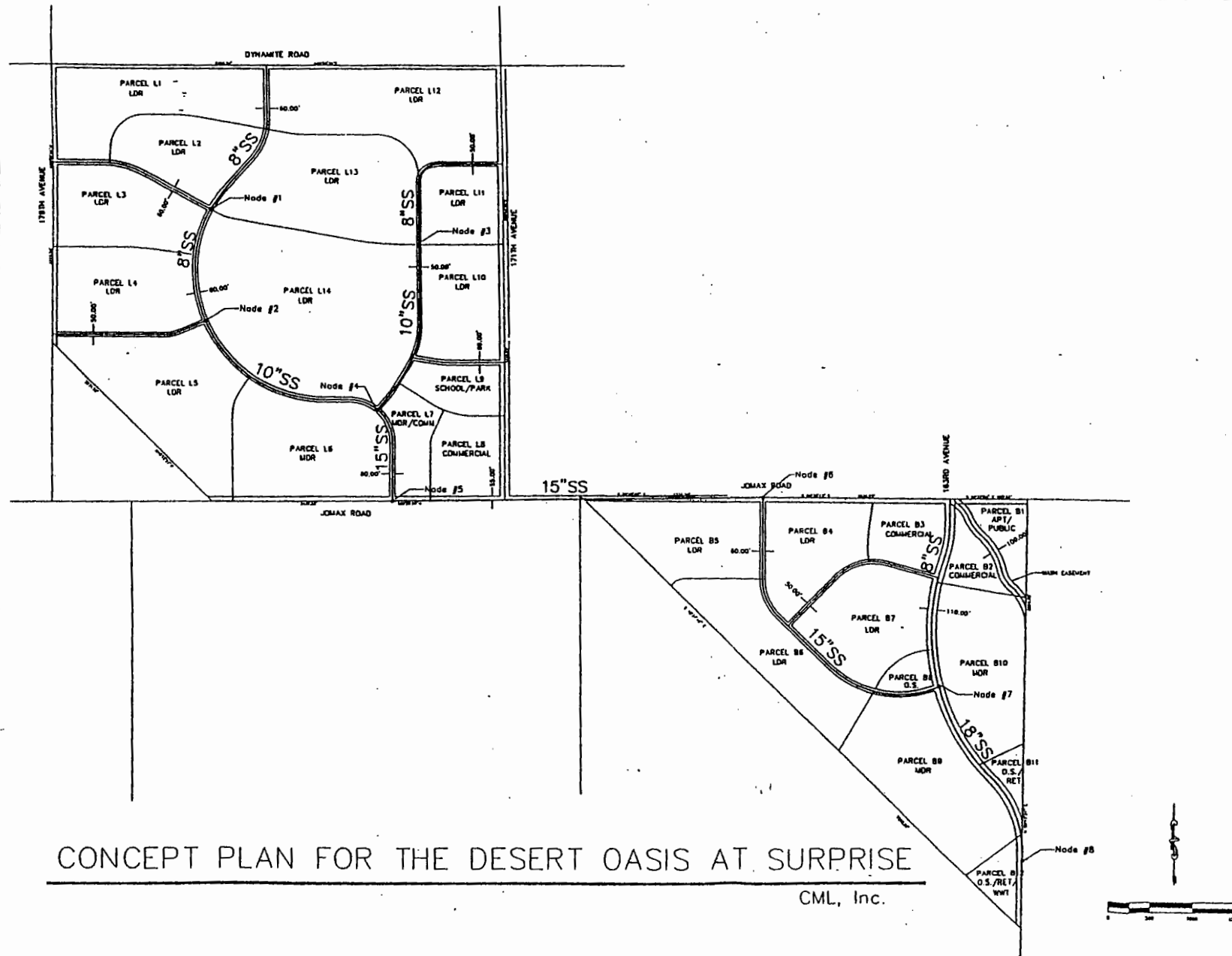
	QUANTITY		UNIT COST	COST
1. 12" Distribution Pipe	58,648	LF	\$25	\$1,466,200
2. 16" Distribution Pipe	6238	LF	\$35	\$218,330
3. 12" Valves	120	EA	\$1200	\$144,000
4. 16" Valves	12	EA	\$2000	\$24,000
SUB-TOTAL				\$1,852,530

TOTAL				\$4,698,165
-------	--	--	--	-------------

EXHIBIT G

Conceptual Sewer System Plan

200000344334



Mansfield Associates
Land Planning - Project Management
Hook Engineering, Inc.
3321 N. 11th STREET PHOENIX, AZ 85016 TEL (602) 944-3300 FAX (602) 944-3413

DESERT OASIS Master Sewer Plan	Sheet No.	1 of 1
Drawn by: SL	Checked by: SL	Scale: 1" = 100'
Design by: SL	Date: 8/7/00	Vertical Scale: 1" = 10'
Drawn by: SL	Checked by: SL	Scale: 1" = 100'

JOB NUMBER
4314
SHEET
Figure 3

EXHIBIT H

Roadway Cross-Sections



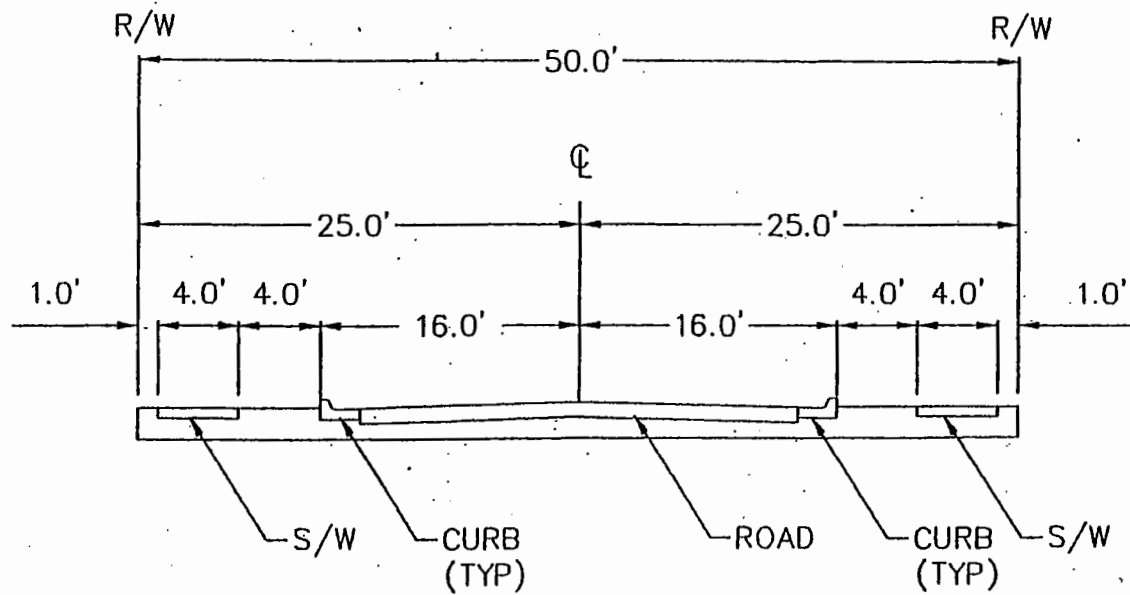
Hook Engineering, Inc.
 3721 N. 14th Street • Phoenix, AZ 85016 Tel (602) 833-2308 Fax (602) 833-1443

STREET SECTIONS

JOB NUMBER

PST

□



LOCAL STREET
NOT TO SCALE

STREET SECTIONS

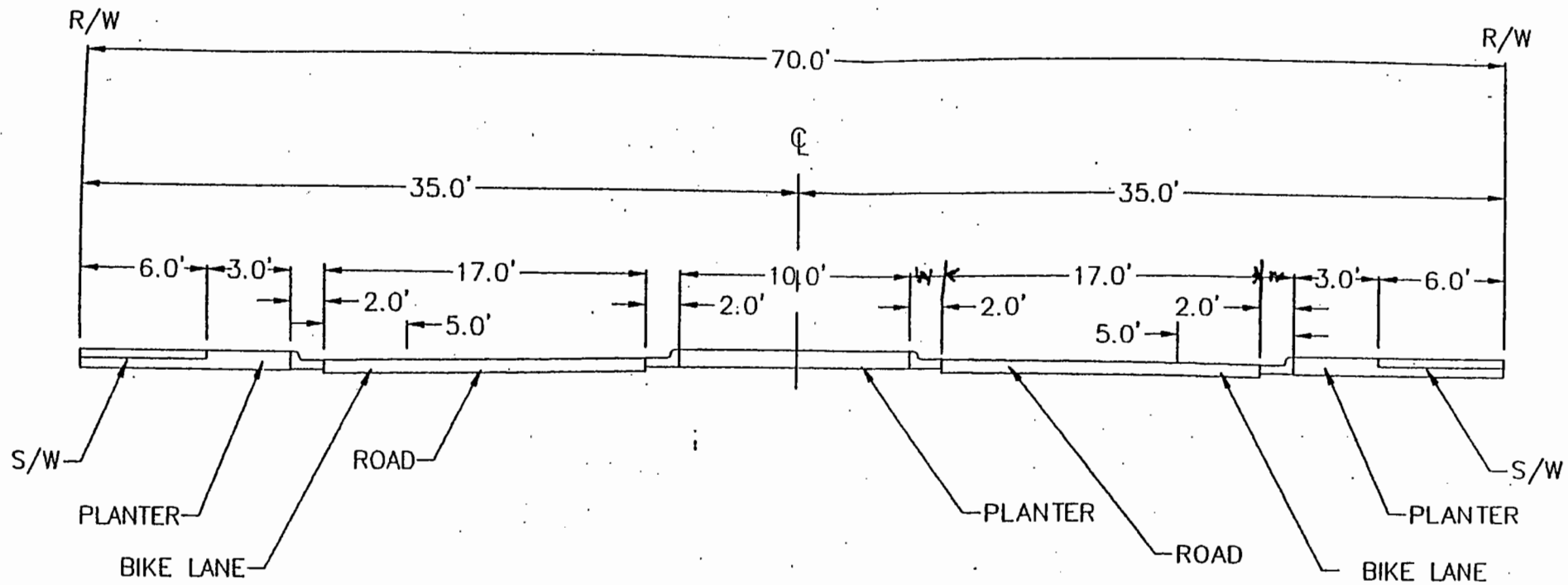
Station	Section	Notes
0+00	0+00 to 0+10	0+00 to 0+10
0+10	0+10 to 0+20	0+10 to 0+20
0+20	0+20 to 0+30	0+20 to 0+30
0+30	0+30 to 0+40	0+30 to 0+40
0+40	0+40 to 0+50	0+40 to 0+50

SCALE

JOB NUMBER

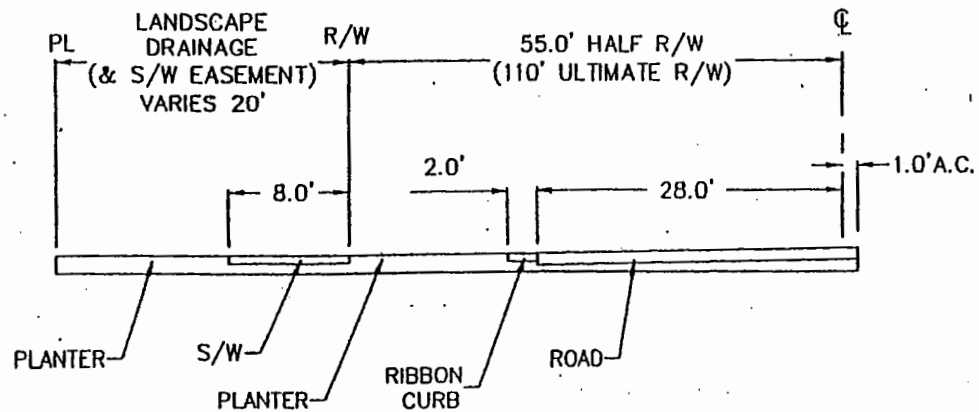
SHEET

OF



COLLECTOR STREET
NOT TO SCALE

20000344394



171ST / 179TH / DYNAMITE
NOT TO SCALE

Hook Engineering, Inc.
2371 N. 19th STREET PHOENIX, AZ 85015 Tel: (602) 944-3388 Fax: (602) 944-4443

STREET SECTIONS

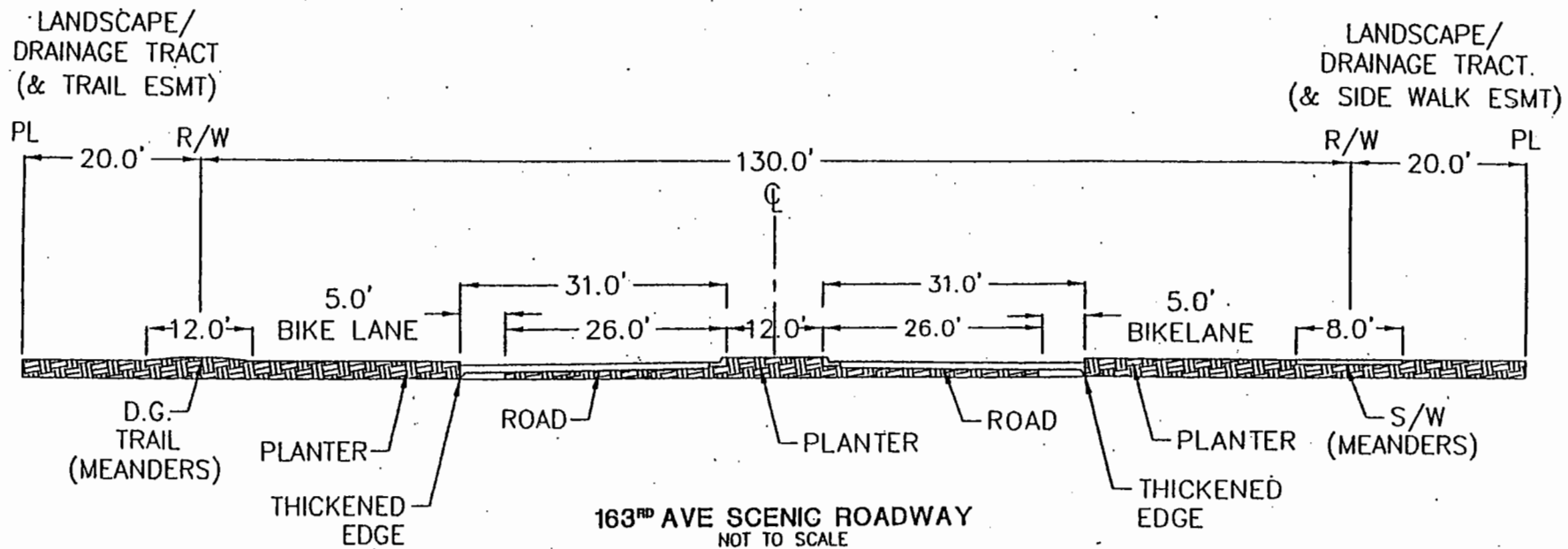
Project No.	20000344394
Client	
Location	
Scale	
Sheet No.	
Sheet Count	

SCALE

JOE HENDON

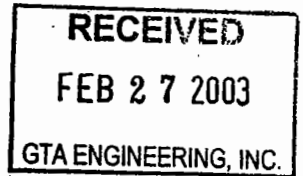
01/01/01

01



Drawn by	
Checked by	
Designed by	
Reviewed by	
Project Name	
Location	
Date	

No Objection Letter



City of Surprise
Water Services Department
12425 West Bell Road
Suite D-100
Surprise, Arizona 85374-9002

February 12, 2003

Brenda Geisen
MAG
302 North 1st Avenue, Suite 300
Phoenix, AZ 85003

Re: Desert Oasis Development
MAG 208 Water Quality Management Plan
Revised Application for Small Plant Approval, dtd January 2003

Dear Ms. Geisen,

The City of Surprise has reviewed and supports the Revised Small Plant Approval as part of the MAG 208 Water Quality Management Plan on behalf of the Desert Oasis Project. Desert Oasis is located within the City limits of the City of Surprise in Maricopa County. The project location is in Section 1, Township 4 North, Range 2 West and Section 35, Township 5 North, Range 2 West. The City of Surprise will own and operate the wastewater treatment plant.

The project will entail 1,000 single family dwelling homes. The wastewater treatment plant will have a capacity of 350,000 gpd. The wastewater treatment plant site will be located in the south eastern corner of the Section 1 to optimize gravity flows to the plant. The proposed plant is temporary and will be decommissioned when the City of Surprise extends its wastewater collection system to serve this area. Effluent generated will be applied to landscaping or designated disposal areas. There will be no discharge from the site.

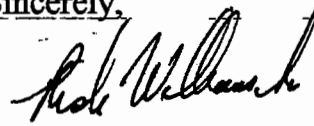
Please review the Revised Report and if there is further information needed please notify us immediately. Also enclosed is a copy of the City of Surprise Resolution concerning the City's ownership and operations of the Desert Oasis wastewater facility. A copy of this report was sent to the City of Peoria, David Moody, P.E., and the Maricopa Environmental Services Department, Dale Bodiya, for their review and approval.

If you have any questions, please feel free to contact me. Thank you.

City of Surprise

Letter from Rich Williams to: MAG Re: Revised Desert Oasis 208 Small Plant Review Page 2

Sincerely,



Rich Williams, Sr
Water Services Director

Attachment

cc: Jeffrey Blilie, Assistant City Attorney
Clifford Leatherwood, CML, Inc.
Duane Hunn, Hunn & Associates
Dana Belknap, Gallagher & Kennedy
Fred E. Goldman, Ph.D., P.E., GTA Engineering, Inc.

COPY



ENGINEERING DEPARTMENT

8401 W. Monroe Street, Peoria, Arizona 85345

Phone: (623) 773-7367

Fax: (623) 773-7211

March 27, 2003

Mr. Rich Williams, Sr.
Water Services Director
GTA Engineering, Inc.
1990 W. Camelback Road, Ste. 401
Phoenix, AZ 85015

Re: Desert Oasis Development
MAG Water Quality Management Plan
Revised Application for Small Plant Approval, Dated January 2003

Dear Mr. Williams:

This letter is in reference to your letter, regarding the Revised Application for Small Plant Approval, located at the southeastern corner of Section 1, Township 4 North, Range 2 West and Section 35, Township 5 North, Range 2 West.

The City of Peoria does not have an objection to this project.

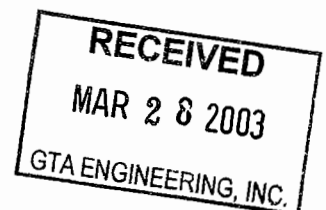
Yours very truly,

A handwritten signature in black ink, appearing to read "David A. Moody", with a long horizontal line extending to the right.

David A. Moody, P.E.
Engineering Director

c: Jeffrey Blilie, Deputy City Attorney
Clifford Leatherwood, CML, Inc.
Duane Hunn, Hunn & Associates
Dana Belknap, Gallagher & Kennedy
Fred Goldman, Ph.D., P.E., GTA Engineering, Inc.

DAM:lbg
\\admin\letters\Rich_Williams-No_Objection_Letter-Small_Plant_Approval-0303





Maricopa County

Environmental Services

WATER AND WASTE MANAGEMENT
DIVISION

Albert F. Brown, RS, MPA, Director

John A. Power, PE, Division Manager

1001 N. Central Avenue, Suite 150
Phoenix, Arizona 85004

(602) 506-6666
FAX (602) 506-6925
TT (602) 506-6704

March 31, 2003

Maricopa Association of Governments
302 North 1st Avenue, Suite 300
Phoenix, Arizona 85003

Attention: Ms. Lindy Bauer, Environmental Program Coordinator
Re: City of Surprise Proposed 208 Amendment for Desert Oasis Development

Dear Ms. Bauer:

GTA Engineering, Inc. has submitted a proposed 208 Amendment to the Maricopa County Environmental Services Department (MCESD) for the City of Surprise wastewater treatment facilities for the Desert Oasis Development, a master planned community to be developed by CML, Inc. The development will be constructed in an area recently annexed into the City of Surprise, approximately 1.5 miles north of Grand Avenue, between Dynamite Road and Happy Valley Road, and between 163rd and 179th Avenue alignments.

In accordance with the MAG 208 Water Quality Management Plan, Section 4.6.2 (Small Plant Process), the proposed 208 Small Plant submittal for the facility was provided to this Department for comment, since the facility is located within three miles of the unincorporated area of Maricopa County.

Based on a review of the final revised 208 Small Plant submittal, dated January 30, 2003, the MCESD, Water and Waste Management Division acknowledges that the proposed City of Surprise Desert Oasis WWTP is not in conflict with Maricopa County plans for the area. MCESD provides this letter of support, subject to the following conditions:

The City of Surprise will be the permanent owner of the proposed wastewater collection, treatment, and disposal facilities upon completion of construction of the first phase of the facilities and prior to startup. As such, the City will be the responsible party for the MCESD Annual Operating Permit, as well as appropriate Federal, State, and County discharge / recharge / reuse permits. A formal agreement between the developer and the City of Surprise, addressing the ownership, operation, and financing of the wastewater facilities, needs to be signed prior to Approval to Construct for the project.

Page 2 of 2

March 31, 2003

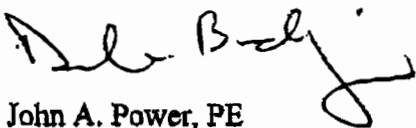
Ms. Lindy Bauer

City of Surprise for Desert Oasis Development

Please note that although the design report is included as an attachment to the Small Plant Submittal, MCESD has not reviewed, nor approved, the design report as part of the 208 Small Plant Review. Any technical issues that remain will need to be resolved during the design phase of the project. Approval to Construct and Approval of Construction must be obtained from this Department prior to start of construction and startup, respectively.

If you have any questions or comments, please feel free to contact Mr. Dale Bodiya, PE, or myself, at 506-6666.

Sincerely,



for
John A. Power, PE

Manager, Water and Waste Management Division

Attachment

cc:

Mr. Albert F. Brown, RS, MPA, Director, MC Environmental Services Department

ADEQ, Manager, Water Permits and Plan Review Section

Mr. Rich Williams, Sr., PE, Water Services Director, City of Surprise

Mr. Fred Goldman, PE, GTA Engineering, Inc.

Mr. Clifford Leatherwood, President, CML, Inc.

Mr. Dale Bodiya, PE, Manager, Water / Wastewater Treatment Section, MCESD
File